UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended September 30, 2020
or
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from __________ to __________
Commission File Number: 001-37757

Adient plc
(exact name of Registrant as specified in its charter)

Ireland	**98-1328821**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

25-28 North Wall Quay, IFSC, Dublin 1, Ireland D01 H104
(Address of principal executive offices)
734-254-5000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of exchange on which registered
Ordinary Shares, par value $0.001	ADNT	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.:

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value of the voting and non-voting stock held by non-affiliates of the Registrant, as of March 31, 2020, the last business day of the Registrant's most recently completed second fiscal quarter, was approximately $0.9 billion. At September 30, 2020, 93,893,569 ordinary shares were outstanding.

Documents Incorporated by Reference

Portions of the Registrant's definitive proxy statement relating to its 2021 annual general meeting of shareholders to be held on March 9, 2021 (the "2021 Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. The 2021 Proxy Statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

Adient plc
Form 10-K
For the Fiscal Year Ended September 30, 2020

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Forward-Looking Statements

This Annual Report on Form 10-K ("Form 10-K") contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements can also be identified by words such as "future," "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "will," "would," "could," "can," "may," or similar terms. Forward-looking statements are not guarantees of future performance and Adient's actual results may differ significantly from the results discussed in the forward-looking statements. Adient cautions that these statements are subject to numerous important risks, uncertainties, assumptions and other factors, some of which are beyond Adient's control, that could cause Adient's actual results to differ materially from those expressed or implied by such forward-looking statements, including, among others, risks related to: the continued financial and operational impacts of and uncertainties relating to the COVID-19 pandemic on Adient and its customers, suppliers, joint venture partners and other parties, the impact of tax reform legislation through the Tax Cuts and Jobs Act and/ or under a new U.S. presidential administration, uncertainties in U.S. administrative policy regarding trade agreements, tariffs and other international trade relations including as may be impacted by the change in U.S. presidential administration, the ability of Adient to execute its turnaround plan, the ability of Adient to effectively launch new business at forecast and profitable levels, the ability of Adient to identify, recruit and retain key leadership, the ability of Adient to meet debt service requirements, the terms of financing, general economic and business conditions, the strength of the U.S. or other economies, automotive vehicle production levels, mix and schedules, energy and commodity prices, the availability of raw materials and component products, currency exchange rates and cancellation of or changes to commercial arrangements. Factors that might cause differences include, but are not limited to, those discussed in Part 1, Item 1A of this Form 10-K under the heading "Risk Factors," which are incorporated herein by reference. All information presented herein is based on Adient's fiscal calendar. Unless otherwise stated, references to particular years, quarters, months or periods refer to Adient's fiscal years ended in September and the associated quarters, months and periods of those fiscal years. Adient assumes no obligation to revise or update any forward-looking statements for any reason, except as required by law.

PART I

Item 1. Business

On October 31, 2016, Adient plc ("Adient") became an independent company as a result of the separation of the automotive seating and interiors businesses (the "separation") of Johnson Controls International plc ("the former Parent"). Adient was incorporated under the laws of Ireland on June 24, 2016 for the purpose of holding these businesses. Adient's ordinary shares began trading "regular-way" under the ticker symbol "ADNT" on the New York Stock Exchange on October 31, 2016. Upon becoming an independent company, the capital structure of Adient consisted of 500 million authorized ordinary shares and 100 million authorized preferred shares (par value of $0.001 per ordinary and preferred share). The number of Adient ordinary shares issued on October 31, 2016 was 93,671,810.

Adient is a global leader in the automotive seating supply industry with leading market positions in the Americas, Europe and China and maintains longstanding relationships with the largest global automotive original equipment manufacturers (OEMs). Adient's proprietary technologies extend into virtually every area of automotive seating solutions, including complete seating systems, frames, mechanisms, foam, head restraints, armrests and trim covers. Adient is a global seat supplier with the capability to design, develop, engineer, manufacture, and deliver complete seat systems and components in every major automotive producing region in the world.

Adient designs, manufactures and markets a full range of seating systems and components for passenger cars, commercial vehicles and light trucks, including vans, pick-up trucks and sport/crossover utility vehicles. Adient operates in 202 wholly- and majority-owned manufacturing or assembly facilities, with operations in 32 countries. Additionally, Adient has partially-owned affiliates in China, Asia, Europe and North America. Through its global footprint, vertical integration and partnerships in China, Adient leverages its capabilities to drive growth in the automotive seating industry.

Adient's business model is focused on developing and maintaining long-term customer relationships, which allows Adient to successfully grow with leading global OEMs. Adient and its engineers work closely with customers as vehicle platforms are developed, which results in close ties with key decision makers at OEM customers.

Business Organization and Strategy

Global Manufacturing Footprint Adient is a global leader in automotive seating. With 77,000 employees operating in 202 manufacturing and assembly plants in 32 countries worldwide, Adient produces and delivers automotive seating for all vehicle classes and all major OEMs. From complete seating systems to individual components, Adient’s manufacturing capabilities span every aspect of the automotive seat-making process. Integrated, in-house skills allows Adient to take products from research and design all the way to engineering and manufacturing and into more than 19 million vehicles every year.

Operational Efficiencies Adient intends to maintain high capacity utilization and increase its efficiency through continued use of standardized manufacturing processes, which represent a core competency. These standardized manufacturing processes allow Adient to deliver high quality levels and minimize waste. Adient achieves scale advantages through a global manufacturing footprint and an integrated supply chain. Adient fosters an environment of continuous improvement and identifies best business practices through the analysis of process and cost metrics, which are then shared globally throughout Adient's manufacturing network.

To ensure appropriate service levels, minimal inventory and optimal factory utilization, Adient employs a Sales & Operational Planning, or S&OP, process. A well-executed S&OP process provides two strategic advantages: focused customer service and on-time delivery which result in both customer retention and the opportunity for market share gain.

Longstanding Customer Relationships with Leading Global OEMs Adient works with OEMs to develop complete seating solutions to meet consumer expectations for performance, safety and comfort. Adient does business with all major global OEM customers, and in many cases, works closely with those customers to develop a seating solution integrated into the overall vehicle appearance and architecture.

Through dedicated customer teams, Adient maintains close relationships with its global OEM customers. These relationships enable Adient to clearly understand its customers' needs so that it is positioned to meet its customers' requirements. Adient's customer teams also lead the new business acquisition process, which ensures alignment with Adient's product, process and manufacturing strategies.

Product Innovation and Process Leadership Adient has a strong record for developing winning product and process technologies over many years, which has created a competitive advantage for Adient and its customers. Management expects to increase investment in innovation.

Adient utilizes a Global Core Product Portfolio, or CPP, strategy for part and design reuse in all of its product applications. Adient intends to continue investing in its CPP to sustain and expand its market success and to leverage its existing modular and scalable systems and interchangeable components. Through the CPP strategy, Adient provides high quality products for its customers with market competitive cost and mass (low weight to improve fuel economy) while meeting their performance requirements. Adient continues to use its CPP to advance Adient's lean manufacturing initiatives by providing standard, flexible processes that reduce complexity, inventory and floor space. This will yield reductions in development time, product cost and investment.

Global Development Network Adient participates in innovating and developing key competitive differentiators in the automotive seating business. In the development process, key downstream elements of the product are locked in, including material costs, plant conversion costs, quality characteristics and certain technical requirements. Adient uses a common product development process globally that ensures that these elements are correct at the outset of the development process, reflects the best practices of Adient's operations worldwide and meets the expectations of Adient's diverse customer base. Its product launch system is customizable and scalable based on customer and product requirements.

Adient's worldwide engineering network includes ten core development centers. These development centers utilize a globally consistent approach to the process for developing seating products. By leveraging a network of subject matter technical experts, Adient efficiently implements best practices and improves product cost and quality. Adient's product development practices also entail leveraging low cost country development centers in India, China and Slovakia.

Development Centers	
Plymouth (USA)	Trencin (Slovakia)
Burscheid (Germany)	Yokohama (Japan)
Solingen (Germany)	Shanghai (China)
Kaiserslautern (Germany)	Changchun (China)
Ansan (South Korea)	Pune (India)

Leadership Position in China Adient has an advantaged position in China established through strategic partnerships it developed as an early market entrant. Adient is a leading supplier of "just-in-time" seating in China. It operates through 18 joint ventures with 86 manufacturing locations in 38 cities, which are supported by additional technical centers. Adient's strong position with European and American automakers is complemented by partnerships with all major auto groups in China, which has resulted in Adient's broad market penetration relative to seating competitors and market leadership in the industry's largest market. Adient leverages its operating expertise and innovation capabilities developed worldwide to further support its growth in China.

Platform for Global Growth Adient's current global platform creates multiple opportunities for growth, such as:

- *Market share expansion in seating and seating components.* Adient has relationships with global OEM customers. These relationships, combined with Adient's product offerings, enhance Adient's ability to expand its business with regional customers who are growing and expanding globally and also with new entrants to the automotive market.

- *Regional growth opportunities.* Adient is able to leverage its position as the market leader in Europe, North America and through its joint ventures in China to grow in other markets, such as Southeast Asia.

- *Vertical integration.* Adient's operations provide opportunities for continued vertical integration in areas that could enhance Adient's capabilities, expand profit margins and grow revenues with customers who employ component sourcing strategies.

Product/Systems

Adient designs and manufactures a full range of seating systems and components for passenger cars, commercial vehicles and light trucks, including vans, pick-up trucks and sport/crossover utility vehicles. Adient's technologies extend into virtually every area of automotive seating solutions including complete seating systems, frames, mechanisms, foam, head restraints, armrests and trim covers.

Customers

Adient is a supplier to all of the global OEMs and has longstanding relationships with premier automotive manufacturers, including BMW, Daimler AG, Fiat Chrysler Automobiles, Ford Motor Company, General Motors Company, Honda Motor Company, Hyundai Motor Company, Jaguar Land Rover, Kia Motor Company, Mazda Motor Company, Mitsubishi Motors, Nissan Motor Company, PSA Peugeot Citroen, Renault, Suzuki, Toyota Motor Corporation, Volkswagen AG and Volvo. Adient also supplies most of the growing regional OEMs such as Ashok Leyland, BAIC Motor Co., Ltd., Brilliance Auto Group, Changan Automobile (Group) Co., Ltd., FAW Group Corporation, NIO, SAIC Motor Corporation Limited, Tata Motors Limited and Zhejiang Geely Holding Group Co., Ltd. and newer auto manufacturers such as Tesla Motors, Inc. Additionally, Adient has more than 18 joint venture partnerships with key OEMs, including SAIC Motor Corporation Limited, Beijing Automobile Works Co., Ltd. and FAW Group Corporation. Further details regarding Adient's customers is provided in Part II, Item 8 of this Form 10-K in Note 1, "Basis of Presentation and Summary of Significant Accounting Policies," of the notes to consolidated financial statements.

Industry

The Automotive Seating industry provides OEMs with complete seats on a "just-in-time" or "in-sequence" basis. Seats are assembled to specific order and delivered on a predetermined schedule directly to an automotive assembly line. The components for these complete seat assemblies such as seating foam, metal structures, fabrics, seat covers and seat mechanisms are shipped to Adient or competitor seating assembly plants. Adient is a global leader in complete seat assembly and one of the largest in all major seating components, operating manufacturing plants that produce seating foam, metal structures, seat covers and seat mechanisms.

Demand for automotive parts in the OEM market is generally a function of the number of new vehicles produced, which is primarily driven by macro-economic factors such as credit availability, interest rates, fuel prices, consumer confidence, employment and other trends. Although OEM demand is tied to actual vehicle production, participants in the automotive supplier industry also have the opportunity to grow through increasing product content per vehicle by further penetrating business with existing customers and in existing markets, gaining new customers and increasing their presence in global markets. Adient believes that, as a company with a global presence and advanced technology, engineering, manufacturing and customer support capabilities, it is well positioned to benefit from these opportunities.

Sourcing Patterns by OEMs Most OEMs have adopted global vehicle platforms to increase standardization, reduce per unit cost and increase capital efficiency and profitability. In seating, three sourcing patterns have emerged over the past five years:

1. *Core seat structures*: By developing common front seat frames and mechanisms across multiple vehicle platforms, OEMs are reducing costs.

2. *Component sourcing*: Several OEMs have shifted from sourcing a complete seating system to a components approach where the OEM sources each of the different components of the seat and seating assembly as separate business awards.

3. *Engineering "in-sourcing"*: Some OEMs are conducting the design and engineering internally and are selecting suppliers that have the capability to manufacture products on a worldwide basis and adapt to regional variations.

As a supplier with global scale and strong design, engineering and lean manufacturing capabilities in both complete seat systems and components Adient is well-positioned to accommodate each of these three sourcing pattern developments.

Shorter Product Development Cycles As a result of new safety and environmental regulations, as well as a trend of more rapid customer preference changes, OEMs are requiring suppliers to respond faster with new designs and product innovations. Although these trends are more significant in mature markets, emerging markets are moving rapidly towards the regulatory standards and consumer preferences of the more mature markets. Suppliers with strong technologies, robust global engineering and development capabilities will be best positioned to meet OEM demands for rapid innovation.

Autonomous Driving As the industry moves towards autonomous driving and alternative usage models such as car sharing and urban mobility, Adient has developed an interiors concept for autonomous driving which addresses major seating and other interior trends that are expected to drive the automotive industry of the future. Adient will continue to partner with OEMs and other customers in the development of autonomous driving concepts.

Competition

Adient faces competition from other automotive suppliers and, with respect to certain products, from the automobile OEMs who produce or have the capability to produce certain products the business supplies. The automotive supply industry competes on the basis of technology, quality, reliability of supply and price. Design, engineering and product planning are increasingly important factors. The competitive landscape for seating and components can be categorized into three segments: (1) traditional seating suppliers, (2) component specialists and (3) competitors who are partnered with an OEM through ownership or interlocking business relationships. Independent suppliers that represent the principal competitors of Adient include Lear Corporation, Toyota Boshoku Corporation, Faurecia SA and Magna International Inc. Adient's deep vertical integration, global footprint and broad product offering make it well positioned to compete against the traditional global Tier-1's and component specialists.

Raw Materials

Raw materials used by Adient in connection with its operations, including steel, aluminum, polyurethane chemicals, fabrics, leather, vinyl and polypropylene, were available during fiscal 2020, and Adient expects such availability to continue. During fiscal 2021, commodity prices could fluctuate throughout the year and significantly affect Adient's results of operations.

Intellectual Property

Generally, Adient seeks statutory protection for strategic or financially important intellectual property developed in connection with its business. Certain intellectual property, where appropriate, is protected by contracts, licenses, confidentiality or other agreements.

Adient owns numerous U.S. and non-U.S. patents (and their respective counterparts), the more important of which cover those technologies and inventions embodied in current products or which are used in the manufacture of those products. While Adient believes patents are important to its business operations and in the aggregate constitute a valuable asset, no single patent, or group of patents, is critical to the success of the business. Adient, from time to time, grants licenses under its patents and technology and receives licenses under patents and technology of others.

Adient's trademarks, certain of which are material to its business, are registered or otherwise legally protected in the United States and many non-U.S. countries where products and services of Adient are sold. Adient, from time to time, becomes involved in trademark licensing transactions.

Most works of authorship produced for Adient, such as computer programs, catalogs and sales literature, carry appropriate notices indicating Adient's claim to copyright protection under U.S. law and appropriate international treaties.

Regulation

Adient operates in a constantly evolving global regulatory environment and is subject to numerous and varying regulatory requirements for its product performance and material content. Adient's practice is to identify potential regulatory and quality risks early in the design and development process and proactively manage them throughout the product lifecycle through the use of routine assessments, protocols, standards, performance measures and audits. New regulations and changes to existing regulations are managed in collaboration with the OEM customers and implemented through Adient's global systems and procedures designed to ensure compliance with existing laws and regulations. Adient demonstrates material content compliance through the International Material Data System, or IMDS, which is the automotive industry material data system. In the IMDS, all materials used for automobile manufacturing are archived and maintained, in order to meet the obligations placed on the automobile manufacturers-and thus on their suppliers-by national and international standards, laws and regulations.

Adient works collaboratively with a number of stakeholder groups including government agencies (*e.g.*, National Highway Traffic Safety Administration), its customers and its suppliers to proactively engage in federal, state and international public policy processes.

Environmental, Health, Safety and Legal Matters

Adient is involved in various lawsuits, claims and proceedings incident to the operation of its businesses, including those pertaining to product liability, environmental, safety and health, intellectual property, employment, commercial and contractual matters, and various other matters. Although the outcome of such lawsuits, claims and proceedings cannot be predicted with certainty and some may be disposed of unfavorably to Adient, it is management's opinion that none of these will have a material adverse effect on Adient's financial position, results of operations or cash flows. Costs related to such matters were not material to the periods presented. Further details regarding Adient's commitments and contingencies is provided in Part II, Item 8 of this Form 10-K in Note 20, "Commitments and Contingencies," of the notes to consolidated financial statements.

Human Capital Resources

Adient’s ability to sustain and grow its business requires it to hire, retain and develop a highly skilled and diverse workforce. Adient values character and integrity as much as qualifications, and fosters an empowerment culture where employees have ownership in business outcomes. Adient’s Chief Human Resources Officer (CHRO), reporting directly to Chief Executive Officer (CEO), oversees its global talent processes to attract, develop and retain the most valuable asset – its employees. Adient has approximately 77,000 employees worldwide who represent a wide variety of backgrounds. Forty-three percent work in the Americas, 51% work in EMEA and 6% work in our Asia-Pacific region. Forty percent of the total workforce is female. Adient ensures its people are engaged and working collaboratively to achieve company goals through positive employee relations activities that focus on supporting employees and their families. Adient also provides and encourages many forms of corporate communication such as town hall meetings, open-door policy, and ethics Integrity Helpline so that employees can hear directly from Adient leadership and have the opportunity to ask questions, make suggestions, and provide input. Because retention of the employee base is significant to its business strategy, executive management provides frequent updates on turnover metrics to the board of directors.

Occupational Health and Safety

Adient continuously works to improve its "Total Safety Culture" that ensures the well-being of Adient's people. Adient requires protective equipment, enforces comprehensive safety policies and procedures, and encourages employees and leaders to look regularly for ways to improve workplace safety. Adient has implemented and maintains a health and safety management system that is certified to the OHSAS 18001 or ISO 45001 standard; 64% of the locations are certified to this standard, with cyclical auditing to compliance by a third party. In fiscal 2020, the injury rate was 0.49 (per 100 employees) and the loss time injury rate (per 100 employees, U.S. only) was 0.71. Adient provides monthly updates on health and safety to the board of directors, which during fiscal 2020, included regular updates on the return to work health and safety protocols in various geographies as a result of COVID-19.

Diversity and Inclusion

Adient strives to build a culture of diversity and inclusion through its purchasing and human resource practices and policies, and works to eliminate discrimination and harassment in all of its forms, including that related to color, race, gender, sexual orientation and gender identity, age, pregnancy, caste, disability, union membership, ethnicity, national origin or religious beliefs. Its CEO signed the "CEO Action for Diversity & Inclusion" pledge promulgated by the CEO Action for Diversity & Inclusion, and Adient is a member of the Center for Automotive Diversity, Inclusion & Advancement. Adient develops and tracks annual diversity and inclusion goals and its CHRO provides quarterly updates to the executive team and board of directors. Additionally, Adient supports a strong Women's Resource Network (WRN), which is an employee-led, volunteer group open to all employees with the goal to improve attraction, retention, inclusion, and engagement of a diverse and global workforce. Business Resource Groups at Adient, like the WRN, are organized by employees, undergo an official chartering process and must develop programming and initiatives focused in four areas: Career, Commerce, Culture and Community. Adient is working to expand the number of Resource Groups to include other under-represented groups.

Succession and Talent Development

Adient supports employee development in multiple ways. Adient has a global performance management process through which employees provide a self-assessment and managers provide evaluation and feedback on annual performance. This process informs employee development goals. Adient's Leadership Talent Review (LTR) is its annual process for identifying and evaluating talent for the purposes of aligning individual aspirations and development plans with the organization's needs and building a diverse pipeline of leaders to mitigate leadership vacancy risk. LTR is designed to be an inclusive process that promotes visibility of talent, increases the validity of succession plans and ensures development efforts are applied efficiently. Adient's executive leadership provides annual updates on succession and talent development to the board of directors.

Seasonal Factors

Adient's principal operations are directly related to the automotive industry. Consequently, Adient may experience seasonal fluctuations to the extent automotive vehicle production slows, such as in the summer months when many customer plants close for model year changeovers and in December when many customer plants close for the holidays.

Available Information

Adient's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are filed with the Securities and Exchange Commission (the "SEC"). Adient is subject to the informational requirements of the Exchange Act and files or furnishes reports, proxy statements and other information with the SEC. Such reports and other information filed by Adient with the SEC are available free of charge on Adient's website at www.adient.com when such reports are available on the SEC's website. The SEC maintains an internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at www.sec.gov. The contents of these websites are not incorporated into this filing. Further, Adient's references to website URLs are intended to be inactive textual references only.

Information about our Executive Officers

The following table sets forth certain information with respect to Adient's executive officers as of the date of this filing:

Name	Age	Position(s) Held	Year Appointed to Present Position
Michel Berthelin	50	Executive Vice President, EMEA	2019
Douglas G. Del Grosso	59	President and Chief Executive Officer	2018
Jerome J. Dorlack	40	Executive Vice President, Americas	2019
James Huang	59	Executive Vice President, Asia	2019
Gregory S. Smith	52	Vice President and Chief Accounting Officer	2019
Jeffrey M. Stafeil	50	Executive Vice President and Chief Financial Officer	2016
Heather M. Tiltmann	48	Senior Vice President, General Counsel and Secretary	2020

Michel P. Berthelin. Mr. Berthelin is the Executive Vice President, EMEA of Adient. Mr. Berthelin was the Vice President, EMEA of Delphi Technologies during 2018. He served as the Global Steering Vice President of ZF Friedrichshafen AG from 2016 to 2018 and the Vice President, North America-Braking of ZF Friedrichshafen AG during 2015. He was also Vice President, Europe-Braking for TRW Automotive Holdings Corp. from 2012 to 2015.

Douglas G. Del Grosso. Mr. Del Grosso is the President and Chief Executive Officer and a Director of Adient. Mr. Del Grosso was the President and Chief Executive Officer of Chassix Holdings, Inc. from 2016 to 2018. He also served as President and Chief Executive Officer of Henniges Automotive, Inc. from 2012 to 2015. Mr. Del Grosso has served as a Director and member of the Audit Committee of Cabot Corporation since April 2020. He previously served on the Board of Directors of Lincoln Educational Services Corporation from 2014 to 2015. Mr. Del Grosso is also a member of the Board of Directors of the National Association of Manufacturers.

Jerome J. Dorlack. Mr. Dorlack is the Executive Vice President, Americas of Adient. Mr. Dorlack served as Vice President and Chief Purchasing Officer of Adient from 2018 to 2019. He also served as Senior Vice President and President, Electrical Distribution System and President, South America of Aptiv plc from 2017 to 2018, and Vice President, Powertrain Systems and General Manager, Global Powertrain Products of Delphi Automotive plc from 2016 to 2017. Prior to that, Mr. Dorlack served as Executive Vice President – Global Procurement of ZF Friedrichshafen from 2015 to 2016, and Vice President, Global Purchasing, Supplier Development and Logistics of ZF Friedrichshafen from 2013 to 2015.

James J. Huang. Mr. Huang is the Executive Vice President, Asia of Adient. Mr. Huang served as Vice President, Complete Seat Asia of Adient from 2016 to 2018, and Vice President Complete Seat Asia of Johnson Controls, Inc. from 2014 to 2016.

Gregory S. Smith. Mr. Smith is the Vice President and Chief Accounting Officer of Adient. Mr. Smith served as Adient's Assistant Corporate Controller from 2016 to 2019. Prior to that, he served as Corporate Controller of Jason Industries, Inc. in 2015 and was with PricewaterhouseCoopers LLP from 1995 to 2015.

Jeffrey M. Stafeil. Mr. Stafeil is the Executive Vice President and Chief Financial Officer of Adient. Mr. Stafeil was Executive Vice President, Chief Financial Officer of Visteon Corporation from 2012 to 2016. He serves as a Director and member of the Audit and Finance Committees at Arconic Corp. Mr. Stafeil previously served on the Board of Directors, and as Audit Committee Chairman, of each of Mentor Graphics Corporation and Metaldyne Performance Group.

Heather M. Tiltmann. Ms. Tiltmann has served as Senior Vice President, General Counsel and Secretary of Adient since 2020. Prior to that, Ms. Tiltmann was the Company's Vice President and General Counsel, Labor & Employment, Litigation and Compliance, and has served in other legal roles at Adient since 2016. Ms. Tiltmann was an attorney at Johnson Controls, Inc. with increasing levels of responsibility from 2011 to 2016 and an attorney with the law firm of Whyte Hirschboeck Dudek S.C. from 2000 to 2011.

Item 1A. Risk Factors

The following discussion of risk factors contains forward-looking statements. These risk factors may be important to understanding other statements in this Form 10-K. The following information should be read in conjunction with Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

The business, financial condition and operating results of Adient can be affected by a number of factors, whether currently known or unknown, including but not limited to those described below, any one or more of which could, directly or indirectly, cause Adient's actual financial condition and operating results to vary materially from past, or from anticipated future, financial condition and operating results. Any of these factors, in whole or in part, could materially and adversely affect Adient's business, financial condition, operating results and stock price.

Because of the following factors, as well as other factors affecting Adient's financial condition and operating results, past financial performance should not be considered to be a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods.

Risks Related to Adient's Global Business

Adient's financial condition and results of operations have been, and are expected to continue to be, adversely affected by COVID-19.

The global outbreak of COVID-19 has caused a material adverse effect on the level of economic activity around the world, including in all markets served by Adient. In response to this outbreak, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations. Adient has implemented numerous measures attempting to manage and mitigate the effects of the virus. While the Company has implemented measures to mitigate the impact of these measures on the results of operations, there can be no assurance that these measures will be successful now or in the event of future outbreaks. Adient cannot predict the degree to, or the time period over, which its sales and operations will be affected by this ongoing outbreak and related preventative measures, and the effects could continue to be material.

The COVID-19 pandemic poses the risk that Adient or its affiliates and joint ventures, employees, suppliers, customers and others may be restricted or prevented from conducting business activities for indefinite or intermittent periods of time, including as a result of employee health and safety concerns, shutdowns, shelter in place orders, travel restrictions and other actions and restrictions that may be requested or mandated by governmental authorities. For example, the Company experienced a temporary shutdown of its facilities in the second quarter of fiscal 2020 in China as a result of government-mandated actions to control the spread of COVID-19. Additionally, beginning in late March 2020, the Company experienced a temporary shutdown of effectively all of its facilities in the Americas and European regions coinciding with the shutdown of its customer facilities in these regions. Further, certain government orders related to COVID-19 mitigation efforts may restrict Adient's ability to operate its business and may impact the financial condition and results of operations. Finally, while other of its facilities have been designated by customers as an essential business to its customers' business in jurisdictions in which facility closures have been mandated, the Company can give no assurance that this will not change in the future or that businesses will continue to be classified as essential in each of the jurisdictions in which Adient operates.

Additionally, restrictions on the Company's access to its manufacturing facilities or on support operations or workforce, or similar limitations for its distributors and suppliers, could continue to limit customer demand and/or the Company's capacity to meet customer demands and have a material adverse effect on the business, financial condition and results of operations. In addition, Adient has modified its business practices (including employee travel, employee work locations, and cancellation of physical participation in meetings, events and conferences), and it may take further actions as may be required by government authorities, for the continued health and safety of the employees, or that the Company otherwise determines are in the best interests of the employees, customers, partners, and suppliers. Further, the Company has experienced, and may continue to experience, disruptions or delays in its supply chain as a result of such actions, which is likely to result in higher supply chain costs to Adient in order to maintain the supply of materials and components for the products.

The Company's management of the impact of COVID-19 has and will continue to require significant investment of time from its management and employees, as well as resources across the global enterprise. The focus on managing and mitigating the impacts of COVID-19 on the business may cause the Company to divert or delay the application of its resources toward other or new initiatives or investments, which may cause a material adverse impact on the results of operations.

Adient may also experience impacts from market downturns and changes in consumer behavior related to pandemic fears and impacts on its workforce as a result of COVID-19. The Company experienced significant decline in demand from its customers over certain periods of fiscal 2020 as a result of the impact of efforts to contain the spread of COVID-19. In addition, customers may choose to delay or abandon projects on which the Company provides products and/or services in response to the adverse impact of COVID-19 and the measures to contain its spread have had on the global economy.

Further, the impacts of COVID-19 have caused significant uncertainty and volatility in the credit markets. Adient relies on the credit markets to provide it with liquidity to operate and grow its businesses beyond the liquidity that operating cash flows provide. If the Company's access to capital were to become significantly constrained, or if costs of capital increased significantly due to the impact of COVID-19 including, volatility in the capital markets, a reduction in Adient's credit ratings or other factors, then the financial condition, results of operations and cash flows could be materially adversely affected.

If the COVID-19 pandemic becomes more pronounced in the markets in which the Company or its automotive industry customers operate, or there is a resurgence in the virus in markets currently recovering from the spread of COVID-19, then the Company's operations in areas impacted by such events could experience further materially adverse financial impacts due to market changes and other resulting events and circumstances. The extent to which the COVID-19 outbreak continues to impact the Company's financial condition will depend on future developments that are highly uncertain and cannot be predicted, including new government actions or restrictions, new information that may emerge concerning the severity of COVID-19, the longevity of COVID-19 and the impact of COVID-19 on economic activity. To the extent the COVID-19 pandemic materially adversely affects the Company's business and financial results, it may also have the effect of significantly heightening many of the other risks associated with the Company's business and indebtedness.

The COVID-19 pandemic could present significant challenges to Adient's liquidity.

Adient's continued access to sources of liquidity depends on multiple factors, including global economic conditions, the COVID-19 pandemic’s effects on its customers and their production rates, the condition of global financial markets, the availability of sufficient amounts of financing, its operating performance and credit ratings. Adient's ability to borrow against the ABL Credit Facility is limited to its borrowing base, which consists primarily of accounts receivable, inventory and certain cash account balances. Such working capital account balances fluctuate significantly depending on production levels and operating activities.

Adient also issued $600 million of senior secured notes due 2025 on April 20, 2020 to provide additional liquidity during the current COVID-19 pandemic. These notes will bear interest at 9% per annum and will result in higher levels of net financing charges over the term of these notes.

As a result of the impacts of the COVID-19 pandemic, Adient may be required to raise additional capital and its access to and cost of financing will depend on, among other things, global economic conditions, conditions in the global financing markets, the availability of sufficient amounts of financing, its prospects and credit ratings.

Unfavorable changes in the condition of the global automotive industry may adversely affect Adient's results of operations.

Adient's financial performance will depend, in part, on conditions in the automotive industry. Moreover, automotive production and sales are highly cyclical and depend on general economic conditions and other factors, including consumer spending and preferences. If automakers experience a decline in the number of new vehicle sales, whether as a result of economic decline, the continuing effects of the COVID-19 pandemic, or otherwise, then Adient may experience reductions in orders from these customers, incur write-offs of accounts receivable, incur impairment charges or require additional restructuring actions beyond its current restructuring plans, particularly if any of the automakers cannot adequately fund their operations or experience financial distress. Such adverse changes likely would have a negative impact on Adient's business, financial condition or results of operations. In addition, Adient relies in part on its customers’ forecasting of their expected needs, which forecasts can change rapidly and may not be accurate. Any inaccurate forecast data received by customers could also have an adverse impact on Adient’s results of operations.

Risks associated with joint venture partnerships may adversely affect Adient's business and financial results.

Adient has entered into several joint ventures worldwide and may enter into additional joint ventures in the future. Adient's joint venture partners may at any time have economic, business or legal interests or goals that are inconsistent with Adient's goals or with the goals of the joint venture which could lead to, among other things, dissolution, liquidation and/or modification of the joint venture terms. Adient may compete against its joint venture partners in certain of its markets and certain negotiations with its customers may negatively impact its joint venture business with those same customers. Disagreements with Adient's business partners may impede Adient's ability to maximize the benefits of its partnerships and/or may consume management time and other resources to negotiate, and which could lead to, among other things, dissolution, liquidation and/or modification of the joint venture terms. Adient's joint venture arrangements may require Adient, among other matters, to pay certain costs or to make certain capital investments or to seek its joint venture partner's consent to take certain actions. Adient does not control the ability to collect cash dividends from its non-consolidated joint ventures. In addition, Adient does not control the financial reporting of its non-consolidated joint ventures, which may impact the Company's ability to complete its financial statements in a timely manner. Delays in the collection of dividends, even by a few days, could adversely affect Adient's financial position and cash flows. Adient's joint venture partners may be unable or unwilling to meet their economic or other obligations under the operative documents, and Adient may be required to either fulfill those obligations alone to ensure the ongoing success of a joint venture or to dissolve and liquidate a joint venture. Further, joint venture partnerships are subject to renewal or expiration at various times. The failure to renew or extend the terms of Adient's joint venture partnerships could impact other areas of Adient's business, including its business relationships. The above risks, if realized, could result in a material adverse effect on Adient's business and financial results.

General economic, credit, capital market and political conditions could adversely affect Adient's financial performance, Adient's ability to grow or sustain its businesses and Adient's ability to access the capital markets.

Adient competes around the world in various geographic regions and product markets. Global economic conditions affect Adient's business. As discussed in greater detail below, any future financial distress in the industries and/or markets where Adient competes could negatively affect Adient's revenues and financial performance in future periods, result in future restructuring charges, and adversely impact Adient's ability to grow or sustain its businesses.

The capital and credit markets provide Adient with liquidity to operate and grow its business beyond the liquidity that operating cash flows provide. A worldwide economic downturn and/or disruption of the credit markets likely would reduce Adient's access to capital necessary for its operations and executing its strategic plan. If Adient's access to capital were to become constrained significantly, or if costs of capital increased significantly, due to lowered credit ratings, prevailing industry conditions, the volatility of the capital markets or other factors, Adient's financial condition, results of operations and cash flows likely would be adversely affected.

On June 23, 2016, the U.K. voted in a national referendum to withdraw from the European Union and in March 2017 the U.K. invoked Article 50 of the Treaty on European Union, which began the U.K.'s withdrawal from the European Union. The U.K. formally left the European Union on January 31, 2020 and entered into a transition period which is due to end on December 31, 2020, during which the U.K. and the European Union will seek to agree on the terms of their future relationship. While negotiations are ongoing between the U.K. and the European Union, these have been difficult and inconclusive to date and there is a significant risk that the transition period will end on December 31, 2020 without agreement on a future trading relationship. Uncertainties in connection with the future of the U.K. and its relationship with the European Union have caused and may continue to cause disruptions to capital and currency markets worldwide. The consequences of a withdrawal by the U.K. from the European Union and the impact on markets, as well as the impact on Adient's operations, remain highly uncertain, in particular, in respect of the U.K.'s future access to the European Single Market, its future regulatory environment and the free movement of capital and labor. This market volatility may lead to an increase in Adient's cost of borrowing or the availability of credit, which may adversely impact Adient's financial performance. The U.K.'s withdrawal from the European Union may also have a detrimental effect on Adient's customers and suppliers, which would, in turn, adversely affect Adient's revenues and financial condition. In addition, the U.K.'s withdrawal from the European Union may also result in legal uncertainty and potentially divergent national laws and regulations as new legal relationships between the U.K. and the European Union are established. The impact of the potential risks outlined above is likely to be significantly more material if the terms of a future trading relationship between the U.K. and the European Union have not been agreed by December 31, 2020 and if the transition period is not extended beyond that point. To date, the U.K. government's position has been that it will not seek to extend the transition period.

Risks associated with Adient's non-U.S. operations could adversely affect Adient's business, financial condition and results of operations.

Adient has significant operations in a number of countries outside the U.S., some of which are located in emerging markets. Long-term economic uncertainty in some of the regions of the world in which Adient operates, such as Asia, South America and Europe and other emerging markets, could result in the disruption of markets and negatively affect cash flows from Adient's operations to cover its capital needs and debt service requirements.

In addition, as a result of Adient's global presence, a significant portion of its revenues and expenses is denominated in currencies other than the U.S. dollar. Adient is therefore subject to foreign currency risks and foreign exchange exposure. While

Adient employs financial instruments to hedge some of its transactional foreign exchange exposure, these activities do not insulate Adient completely from those exposures. Exchange rates can be volatile and could adversely impact Adient's financial results and the comparability of results from period to period.

There are other risks that are inherent in Adient's non-U.S. operations, including the potential for changes in socioeconomic conditions, laws and regulations, including import, export, direct and indirect taxes, value-added taxes, labor and environmental laws, and monetary and fiscal policies; protectionist measures that may prohibit acquisitions or joint ventures, or impact trade volumes; unsettled political conditions; government-imposed plant or other operational shutdowns; backlash from foreign labor organizations related to Adient's restructuring actions; corruption; natural and man-made disasters, global health epidemics such as COVID-19, hazards and losses; violence, civil and labor unrest; and possible terrorist attacks.

Adient's business in China is subject to aggressive competition and is sensitive to economic and market conditions.

Maintaining a strong position in the Chinese market is a key component of Adient's strategy. Adient's business in China is conducted primarily through joint ventures. The automotive supply market in China is highly competitive, with competition from many of the largest global manufacturers and numerous smaller domestic manufacturers. As the size of the Chinese market evolves, Adient anticipates that market participants will act aggressively to increase or maintain their market share. Increased competition may result in price reductions, reduced margins and Adient's inability to gain or hold market share. In addition to the risks imposed by U.S. economic trade policy discussed above, Adient's business in China is sensitive to economic, political and market conditions that drive automotive sales volumes in China. If Adient is unable to maintain its position in the Chinese market, continue joint venture relationships, or if vehicle sales in China decrease or do not continue to increase, then Adient's business and financial results may be adversely affected.

Changes in U.S. administrative policy, including changes to existing trade agreements and any resulting changes in international trade relations, may have an adverse effect on Adient.

There is currently significant uncertainty about the future relationship between the U.S. and various other countries, most significantly China, with respect to trade policies, treaties, government regulations and tariffs. The U.S. presidential administration under President Trump called for substantial changes to U.S. foreign trade policy with respect to China and other countries, including the possibility of imposing greater restrictions on international trade and significant increases in tariffs on goods imported into the U.S. While the results of the U.S. presidential election could lead to different approaches in U.S. foreign trade policy with China as well as other countries, there remains much uncertainty. Changes in U.S. administrative policy could lead to changes to existing trade agreements, greater restrictions on free trade generally, and significant increases in tariffs on goods imported into the U.S., particularly tariffs on products manufactured in Mexico and China, among other possible changes. A trade war, other governmental action related to tariffs or international trade agreements, changes in U.S. social, political, regulatory and economic conditions or in laws and policies governing foreign trade, manufacturing, development and investment in the territories and countries where Adient currently manufactures and sells products, and any resulting negative sentiments towards the U.S. as a result of such changes, likely would have an adverse effect on Adient's business, financial condition or results of operations.

The regulation of Adient's international operations, and any failure of Adient to comply with those regulations, could adversely affect its business, results of operations and reputation.

Due to Adient's global operations, Adient is subject to many laws governing international relations and its international operations, including laws that prohibit improper payments to government officials and commercial customers and that restrict where Adient can do business, what information or products Adient can import and export to and from certain countries and what information Adient can provide to a non-U.S. government. These laws include but are not limited to the U.S. Foreign Corrupt Practices Act (FCPA), the Irish Criminal Justice (Corruption Offences) Act, the U.K. Bribery Act, the U.S. Export Administration Act and U.S. and international economic sanctions and money laundering regulations. Adient has internal policies and procedures relating to compliance with such laws; however, there is a risk that such policies and procedures will not always protect Adient from the improper acts of employees, agents, business partners, joint venture partners or representatives, particularly in the case of recently acquired operations that may not have significant training in applicable compliance policies and procedures. Violations of these laws, which are complex, may result in criminal penalties, sanctions and/or fines, and may also result in costly and time-consuming governmental investigations, any or all of which could have an adverse effect on Adient's business, financial condition and results of operations and reputation. In addition, Adient is subject to antitrust laws in various countries throughout the world. Changes in these laws or their interpretation, administration or enforcement may occur over time. Any such changes may limit Adient's future acquisitions, divestitures or operations. Violations of antitrust laws may result in penalties, sanctions and/or fines, and may also result in costly and time-consuming governmental investigations, any or all of which could have an adverse effect on Adient's business, financial condition and results of operations and reputation.

Risks Related to Adient's Operations

Adient operates in the highly competitive automotive supply industry.

The global automotive component supply industry is highly competitive. Competition is based primarily on price, technology, quality, delivery and overall customer service. There can be no assurance that Adient's products will be able to compete successfully with the products of Adient's competitors. Furthermore, the rapidly evolving nature of the markets in which Adient competes, including as a result of the autonomous vehicle market and consumer preferences for mobility on demand services, such as car- and ride-sharing, may attract new entrants. Additionally, consolidation in the automotive industry may lead to decreased product purchases from Adient.

As a result, Adient's sales levels and margins could be adversely affected by pricing pressures from OEMs and pricing actions of competitors. These factors may lead to selective resourcing of business to competitors. Adient's competitors may develop, design or duplicate technologies that compete with Adient's owned or licensed intellectual property. Developments or assertions by or against Adient relating to intellectual property rights, or any inability to protect Adient's rights, could have an adverse impact on its business and competitive position. In addition, any of Adient's competitors may foresee the course of market development more accurately than Adient, develop products that are superior to Adient's products, produce similar products at a lower cost than Adient, or adapt more quickly than Adient to new technologies or evolving customer requirements. Adient cannot provide assurances that certain of Adient’s products will not become obsolete or that Adient will be able to achieve the technological advances that may be necessary to remain competitive. As a result, Adient's products may not be able to compete successfully with its competitors' products and Adient may not be able to meet the growing demands of customers. In addition, Adient’s customers may increase levels of production insourcing for a variety of reasons, such as shifts in customers’ business strategies or the emergence of low-cost production opportunities in other countries. These trends may adversely affect Adient's sales as well as the profit margins on Adient's products.

Adient's profitability and results of operations may be adversely affected by a significant failure or inability to comply with the specifications and manufacturing requirements of its OEM customers or by program launch difficulties.

Adient's business faces the production demands and requirements of its OEM customers, as described in Item 1, "Business" of this Annual Report on Form 10-K. As a result of safety and environmental regulations, as well as a trend of more rapid customer preference changes, OEMs are requiring suppliers like Adient to respond faster with new designs and product innovations. A significant failure or inability to comply with customer specifications and manufacturing requirements or delays or other problems with existing or new products often results in financial penalties, increased costs, loss of sales, loss of customers or potential breaches of customer contracts, which likely would have an adverse effect on Adient's profitability and results of operations.

In addition, to the extent Adient experiences product launch difficulties (which could be the result of a wide range of factors, including the production readiness of Adient's and its suppliers' manufacturing facilities and manufacturing processes, as well as factors related to tooling, equipment, employees, initial product quality and other factors), vehicle production at Adient’s customers could be significantly delayed or shut down.

Adient may not be able to successfully negotiate pricing and other terms with its customers or may be unable to achieve product cost reductions that offset customer-imposed price reductions, both of which may adversely affect its results of operations.

Adient negotiates sales price adjustments and other contractual terms periodically with its automotive customers. There is no guarantee that Adient will be able to successfully negotiate pricing or other terms that are favorable or beneficial to Adient. Further, any cost-cutting initiatives that its customers adopt generally result in increased downward pressure on pricing. If Adient is unable to generate sufficient production or supply chain cost savings in the future to offset price reductions, Adient's results of operations may be adversely affected. In particular, large commercial settlements with Adient's customers likely would adversely affect Adient's results of operations. In addition, Adient must negotiate contract and other program changes during the life of customer programs to address situations unforeseen at the beginning of the program, including those relating to labor shortages and material cost increases. The inability of Adient to negotiate these contract or program changes in a manner favorable to Adient could also adversely affect Adient’s results of operations.

Work stoppages, including those at Adient’s customers, and similar events could significantly disrupt Adient's business.

Because the automotive industry relies heavily on just-in-time delivery of components during the assembly and manufacture of vehicles, a work stoppage at one or more of Adient's manufacturing and assembly facilities could have adverse effects on the business. Similarly, if one or more of Adient's customers were to experience a work stoppage, such as what occurred during the General Motors labor strike occurring in fall 2019 and/ or customer stoppages as a result of COVID-related governmental shutdowns or otherwise, that customer would likely halt or limit purchases of Adient's products, which could result in the shutdown of the related Adient manufacturing facilities and or other cost-reduction initiatives. A significant disruption in the supply of a key component due to a work stoppage at one of Adient's suppliers or any other supplier could have the same consequences, and accordingly, have an adverse effect on Adient's financial results.

Adient may be unable to realize the expected benefits of its restructuring actions, which could adversely affect its profitability and operations.

In order to align Adient's resources with its strategies, operate more efficiently and control costs and to realign its businesses, with customer and market needs and operating conditions, Adient has periodically announced, and in the future may continue to announce, restructuring plans, which may include workforce reductions, global plant closures and consolidations, asset impairments and other cost reduction initiatives. In each of the last four fiscal years, Adient announced restructurings related to cost reduction initiatives, which included workforce reductions, plant closures and asset impairments. Adient may undertake additional restructuring actions, including plant closures and workforce reductions in the future. As these plans and actions are complex, unforeseen factors could result in expected savings and benefits to be delayed or not realized to the full extent planned (if at all), and Adient's operations and business may be disrupted, which likely would adversely affect Adient's financial condition, operating results and cash flow. Furthermore, to the extent such initiatives involve workforce changes, such changes may temporarily reduce workforce productivity, which could be disruptive to our business and adversely affect our results of operations.

A failure of Adient's information technology (IT) and data security infrastructure could adversely impact Adient's business, operations and reputation.

Adient relies upon the capacity, reliability and security of its IT and data security infrastructure, as well as its ability to expand and continually update this infrastructure in response to the changing needs of its business. If Adient experiences a problem with the functioning of an important IT system or a security breach of Adient's IT systems, due to failure to timely upgrade systems or during system upgrades and/or new system implementations, the resulting disruptions could have an adverse effect on Adient's business.

Adient and certain of its third-party vendors receive and store personal information in connection with Adient's human resources operations and other aspects of Adient's business. Despite Adient's implementation of security measures, Adient's IT systems, like those of other companies, are vulnerable to damages from computer viruses, natural disasters, unauthorized access, cyber-attack and other similar disruptions. Any system failure, accident or security breach could result in disruptions to Adient's operations. A material network breach in the security of Adient's IT systems could include the theft of Adient's intellectual property, trade secrets, customer information, human resources information or other confidential information. To the extent that any disruptions or security breach results in a loss or damage to Adient's data, or an inappropriate disclosure of confidential, proprietary or customer information, it could cause significant damage to Adient's reputation, affect Adient's relationships with its customers, lead to claims against Adient and ultimately harm its business. In addition, Adient may be required to incur significant costs to protect against damage caused by these disruptions or security breaches in the future.

In addition, legislators and/or regulators in countries in which Adient operates are increasingly adopting or revising privacy, information security and data protection laws. In particular, the European Union's General Data Protection Regulation and the China security law both have extra-territorial scope. Violations of such laws and regulations may result in penalties, sanctions and/or fines, and may also result in costly and time-consuming governmental investigations, any or all of which could have an adverse effect on Adient's business, financial condition and results of operations and reputation.

Negative or unexpected tax consequences could adversely affect Adient's results of operations.

Adverse changes in the underlying profitability and financial outlook of Adient's operations in several jurisdictions could lead to additional changes in Adient's valuation allowances against deferred tax assets and other tax reserves on Adient's statements of financial position. Additionally, changes in tax laws in Ireland, the U.S. or in other countries where Adient has significant operations could materially affect deferred tax assets and liabilities on Adient's statements of financial position and income tax provision on Adient's statements of income.

Adient is also subject to tax audits for both direct and indirect taxes by governmental authorities on a worldwide basis. Governmental authorities have become more aggressive in proposing tax assessments, including interest related to income taxes and transaction taxes such as Value Added Tax (VAT). Negative unexpected results from one or more such tax audits could adversely affect Adient's results of operations.

Increases in the costs and restrictions on the availability of raw materials, energy, commodities and product components could adversely affect Adient's financial performance.

Raw material, energy and commodity costs can be volatile. Although Adient has developed and implemented strategies to mitigate the impact of higher raw material, energy and commodity costs, these strategies, together with commercial negotiations with Adient's customers and suppliers, typically offset only a portion of the adverse impact. Certain of these strategies also may limit Adient's opportunities in a declining commodity environment. In addition, the availability of raw materials, commodities and product components fluctuates from time to time due to factors outside of Adient's control. If the costs of raw materials, energy, commodities and product components increase or the availability thereof is restricted, it could adversely affect Adient's financial condition, operating results and cash flows.

If Adient does not respond appropriately, the evolution of the automotive industry towards autonomous vehicles and mobility on demand services could adversely affect Adient’s business.

The automotive industry is increasingly focused on the development of advanced driver assistance technologies, with the goal of developing and introducing a commercially-viable, fully automated driving experience. There has also been an increase in consumer preferences for mobility on demand services, such as car- and ride-sharing, as opposed to automobile ownership, which may result in a long term reduction in the number of vehicles per capita. These evolving areas have also attracted increased competition from entrants outside the traditional automotive industry. If Adient does not continue to innovate to develop or acquire new and compelling products that capitalize upon new technologies in response to OEM and consumer preferences, this could have an adverse impact on Adient’s results of operations.

Adient may incur material losses and costs as a result of warranty claims and product liability actions that may be brought against Adient.

Adient faces an inherent business risk of exposure to warranty claims and product liability in the event that its products fail to perform as expected and, in the case of product liability, such failure of its products results, or is alleged to result, in bodily injury and/or property damage. While Adient will maintain reasonable limits of insurance coverage to appropriately respond to such exposures, large product liability claims, if made, could exceed Adient's insurance coverage limits and insurance may not continue to be available on commercially acceptable terms, if at all Adient may incur significant costs to defend these claims or experience product liability losses in the future. If any of Adient's products are or are alleged to be defective, Adient may be required to participate in a recall involving such products. As suppliers become more integrally involved in the vehicle design process and assume more of the vehicle assembly functions, auto manufacturers are increasingly looking to their suppliers for contribution when faced with recalls and product liability claims. A recall claim brought against Adient that is not insured, or a product liability claim brought against Adient in excess of its available insurance, could have an adverse impact on Adient's results of operations. In addition, a recall claim could require Adient to review its entire product portfolio to assess whether similar issues are present in other product lines, which could result in significant disruption to Adient's business and could have an adverse impact on Adient's results of operations.

Auto manufacturers are also increasingly requiring their suppliers to guarantee or warrant their products and bear the costs of repair and replacement of such products under new vehicle warranties. Depending on the terms under which Adient supplies products to an auto manufacturer, an auto manufacturer may attempt to hold Adient responsible for some or all of the repair or replacement costs of defective products under new vehicle warranties, when the vehicle manufacturer asserts that the product supplied did not perform as warranted.

Although Adient cannot assure that the future costs of warranty claims by its customers and product liability claims will not be material, Adient believes its established reserves are adequate to cover potential settlements. Adient's reserves are based on Adient's best estimates of amounts necessary to settle future and existing claims. Adient regularly evaluates the level of these reserves, and adjusts them when appropriate. However, the final amounts determined to be due related to these matters could differ materially from Adient's recorded estimates.

Any changes in consumer credit availability or cost of borrowing could adversely affect Adient's business.

Declines in the availability of consumer credit and increases in consumer borrowing costs have negatively impacted global automotive sales and resulted in lower production volumes in the past. Substantial declines in automotive sales and production by Adient's customers likely would have an adverse effect on Adient's business, results of operations and financial condition.

Global climate change and related emphasis on ESG matters by various stakeholders could negatively affect Adient's business.

Increased public awareness and concern regarding global climate change may result in more regional and/or federal requirements to reduce or mitigate the effects of greenhouse gas emissions. There continues to be a lack of consistent climate legislation, which creates economic and regulatory uncertainty. Such regulatory uncertainty extends to future incentives for energy efficient vehicles and costs of compliance, which may impact the demand for Adient's products and Adient's results of operations.

There is a growing consensus that greenhouse gas emissions are linked to global climate changes. Climate changes, such as extreme weather conditions, create financial risk to Adient's business. For example, the demand for Adient's products and services may be affected by unseasonable weather conditions. Climate changes could also disrupt Adient's operations by impacting the availability and cost of materials needed for manufacturing and could increase insurance and other operating costs. These factors may impact Adient's decisions to construct new facilities or maintain existing facilities in areas most prone to physical climate risks. Adient could also face indirect financial risks passed through the supply chain, and process disruptions due to physical climate changes could result in price modifications for Adient's products and the resources needed to produce them.

Further, customer, investor, and employee expectations in areas such as the environment, social matters and corporate governance (ESG) have been rapidly evolving and increasing. Specifically, certain customers are beginning to require that Adient provide information on its plans relating to certain climate-related matters such as greenhouse gas emissions. The enhanced stakeholder focus on ESG issues relating to Adient requires the continuous monitoring of various and evolving standards and the associated reporting requirements. A failure to adequately meet stakeholder expectations may result in the loss of business, diluted market valuation, an inability to attract customers or an inability to attract and retain top talent.

Risks related to Adient's defined benefit retirement plans may adversely impact Adient's results of operations and cash flow.

Significant changes in actual investment return on defined benefit plan assets, discount rates, mortality assumptions and other factors could adversely affect Adient's results of operations and the amounts of contributions Adient must make to its defined benefit plans in future periods. For example, Adient has recorded significant mark-to-market adjustments on the revaluation of its pension obligations that have negatively impacted its overall results the past two years. Generally accepted accounting principles in the U.S. require that Adient calculate income or expense for the plans using actuarial valuations. These valuations reflect assumptions about financial markets and interest rates, which may change based on economic conditions. Funding requirements for Adient's defined benefit plans are dependent upon, among other factors, interest rates, underlying asset returns and the impact of legislative or regulatory changes related to defined benefit funding obligations.

Legal proceedings in which Adient is, or may be, a party may adversely affect Adient.

Adient is currently and may in the future become subject to legal proceedings and commercial, contractual or other disputes. These are typically lawsuits, claims and proceedings that arise in the normal course of business including, without limitation, claims pertaining to product liability, product safety, environmental, safety and health, intellectual property, employment, commercial, contractual and various other matters. The outcome of such lawsuits, claims or proceedings cannot be predicted with certainty and some may be disposed of unfavorably to Adient. There exists the possibility that such claims may have an adverse impact on Adient's results of operations that is greater than Adient anticipates, and/or negatively affect Adient's reputation.

A downgrade in the ratings of Adient's debt capital could restrict Adient's ability to access the debt capital markets and increase Adient's interest costs.

Unfavorable changes in the ratings that rating agencies assign to Adient's debt may ultimately negatively impact Adient's access to the debt capital markets and increase the costs Adient incurs to borrow funds. Future tightening in the credit markets and a reduced level of liquidity in many financial markets due to turmoil in the financial and banking industries could adversely affect Adient's access to the debt capital markets or the price Adient pays to issue debt. A downgrade in Adient's ratings or volatility in the financial markets causing limitations to the debt capital markets could have an adverse effect on Adient's business or Adient's ability to meet its liquidity needs.

Adient's debt obligations could adversely affect Adient's business, profitability and the ability to meet its obligations.

As of September 30, 2020, Adient's total consolidated indebtedness approximated $4.3 billion. This significant amount of debt could potentially have important consequences to Adient and its debt and equity investors, including:

- making it more difficult to satisfy other obligations;
- increasing the risk of a future credit ratings downgrade of its debt, which could increase future debt costs and limit the future availability of debt financing;
- increasing Adient's vulnerability to general adverse economic and industry conditions;
- placing Adient at a competitive disadvantage relative to its competitors that may not be as highly leveraged with debt; and
- limiting Adient's ability to borrow additional funds as needed.

In July 2017, the head of the United Kingdom Financial Conduct Authority announced the desire to phase out the use of LIBOR by the end of 2021. Although the impact is uncertain at this time, the elimination of LIBOR could have an adverse impact on our business, results of operations, or financial condition. Specifically, the use of an alternative reference rate could result in increased borrowing costs in the future. At this time, no consensus exists as to what rate or rates may become acceptable alternatives to LIBOR and Adient is unable to predict the effect of any such alternatives on our business, results of operations or financial condition.

Adient's business success depends on attracting and retaining qualified personnel.

Adient's ability to sustain and grow its business requires it to hire, retain and develop a highly skilled and diverse management team and workforce. Failure to ensure that Adient has the leadership capacity with the necessary skill set and experience could impede Adient's ability to deliver its growth objectives and execute its strategic plan. Organizational and reporting changes as a result of any future leadership transition and corporate initiatives, including restructuring actions, could result in increased turnover. Additionally, any unplanned turnover or inability to attract and retain key employees could have a negative effect on Adient's results of operations.

Adverse developments affecting, or the financial distress of, one or more of Adient's suppliers or other third party counterparties could adversely affect Adient's financial performance.

Adient obtains components and other products and services from numerous automotive suppliers and other vendors throughout the world. In addition, Adient is party to various arrangements with third parties who owe Adient money or goods and services, or who purchase goods and services from Adient. Adient is responsible for managing its supply chain, including suppliers that may be the sole sources of products that Adient requires, which Adient's customers direct Adient to use or which have unique capabilities that would make it difficult and/or expensive to re-source. In addition, with fewer sources of supply for certain components, each supplier may perceive that it has greater leverage and, therefore, some ability to seek higher prices from us at a time that we face substantial pressure from OEMs to reduce the prices of our products. This could adversely affect our customer relations and business. In certain instances, entire industries may experience short-term capacity constraints. Additionally, Adient's production capacity, and that of Adient's customers and suppliers, may be adversely affected by natural disasters. Any such significant disruption could adversely affect Adient's financial performance. Unfavorable economic or industry conditions could also result in financial distress within Adient's supply chain or among other third party counterparties, thereby increasing the risk of supply disruption or lost orders. Although market conditions generally have improved in recent years, uncertainty remains and another economic downturn or other unfavorable industry conditions in one or more of the regions in which Adient operates could cause a supply disruption or loss of customer orders and thereby adversely affect Adient's financial condition, operating results and cash flows.

The loss of business with respect to, or the lack of commercial success of, a vehicle model for which Adient is a significant supplier could adversely affect Adient's financial performance.

Although Adient receives purchase orders from its customers, these purchase orders often provide for the supply of a customer's annual requirements for a particular vehicle model and assembly plant, or in some cases, for the supply of a customer's requirements for the life of a particular vehicle model, rather than for the purchase of a specific quantity of products. In addition, it is possible that Adient's customers could elect to manufacture its products internally or increase the extent to which they require Adient to utilize specific suppliers or materials in the manufacture of its products. The loss of business with respect to, the lack of commercial success of or an increase in directed component sourcing for a vehicle model for which Adient is a significant supplier could reduce Adient's sales or margins and thereby adversely affect Adient's financial condition, operating results and cash flows.

Shifts in market shares among vehicles, vehicle segments or shifts away from vehicles on which Adient has significant content or overall changes in consumer demand could have an adverse effect on Adient's profitability.

While Adient supplies parts for a wide variety of vehicles produced globally, Adient does not supply parts for all vehicles produced, nor is the number or value of parts evenly distributed among the vehicles for which Adient does supply parts. Shifts in market shares among vehicles or vehicle segments, including as a result of the autonomous vehicle market, particularly shifts away from vehicles on which Adient has significant content and shifts away from vehicle segments in which Adient's sales may be more heavily concentrated, could have an adverse effect on Adient's profitability. Increases in energy costs or other factors (e.g., climate change concerns) may also shift consumer demand away from motor vehicles that typically have higher interior content that Adient supplies, such as light trucks, crossover vehicles, minivans and sports utility vehicles, to smaller vehicles having less interior content. The loss of business with respect to, or a lack of commercial success of, one or more particular vehicle models for which Adient is a significant supplier could reduce Adient's sales and harm Adient's profitability, thereby adversely affecting Adient's results of operations.

Adient may not pay dividends on its ordinary shares, which may impact Adient’s investor base.

Adient previously disclosed that it does not have plans to pay dividends on its ordinary shares following the dividend paid in the first quarter of fiscal 2019. The timing, declaration, amount and payment of future dividends to shareholders will fall within the discretion of Adient's board of directors. The board's decisions regarding the payment of dividends will depend on many factors, such as Adient's financial condition, earnings, sufficiency of distributable reserves, capital requirements, debt service obligations, legal requirements, regulatory constraints and other factors that the board deems relevant. Adient's ability to pay dividends will depend on its ongoing ability to generate cash from operations and access capital markets. Adient cannot guarantee that it will pay dividends in the future which may impact Adient’s investor base.

A variety of other factors could adversely affect Adient's results of operations.

Any of the following could adversely impact Adient's results of operations: the inability of Adient to execute continued turnaround actions to improve profitability; the loss of, or changes in, automobile supply contracts, sourcing strategies or customer claims with Adient's major customers or suppliers; lack of commodity availability and unfavorable commodity pricing; start-up expenses associated with new vehicle programs or delays or cancellations of such programs; underutilization of Adient's manufacturing facilities, which are generally located near, and devoted to, a particular customer's facility; inability to recover engineering and tooling costs; market and financial consequences of any recalls that may be required on products that Adient has supplied or sold into the automotive aftermarket; delays or difficulties in new product development and integration; quantity and complexity of new program launches, which are subject to Adient's customers' timing, performance, design and quality standards; interruption of supply of certain single-source components; the potential introduction of similar or superior technologies; changing nature and prevalence of Adient's joint ventures and relationships with its strategic business partners; and global overcapacity and vehicle platform proliferation.

Risks Related to Adient’s Jurisdiction of Incorporation

As an Irish public limited company, certain capital structure decisions require shareholder approval, which may limit Adient's flexibility to manage its capital structure.

Irish law provides that a board of directors may allot shares (or rights to subscribe for or convertible into shares) only with the prior authorization of shareholders, such authorization for a maximum period of five years, each as specified in the articles of association or relevant shareholder resolution. This authorization would need to be renewed by Adient's shareholders upon its expiration (i.e., at least every five years). The Adient articles of association authorize the allotment of shares (which will be subject to the limits provided for in the NYSE Listed Company Manual) for a period of five years from the date of their adoption, which authorization will need to be renewed by ordinary resolution, being a resolution passed by a simple majority of votes cast, upon expiration but may be sought more frequently for additional five-year terms (or any shorter period). Our current authorization is due to expire in October 2021 and we anticipate seeking a new authorization at our 2021 Annual General Meeting and in subsequent years. Should this authorization not be approved, our ability to issue equity could be limited which could adversely affect our securities holders.

Irish law also generally provides shareholders with preemptive rights when new shares are issued for cash; however, it is possible for the Adient articles of association, or shareholders in general meeting, to exclude preemptive rights. Such an exclusion of preemptive rights may be for a maximum period of up to five years from the date of adoption of the articles of association, if the exclusion is contained in the articles of association, or from the date of the shareholder resolution, if the exclusion is by shareholder resolution; in either case, this exclusion would need to be renewed by Adient's shareholders upon its expiration (i.e., at least every five years). The Adient articles of association exclude preemptive rights for a period of five years from the date of adoption of the Adient articles of association, which exclusion will need to be renewed by special resolution, being a resolution passed by not less than 75% of votes cast, upon expiration but may be sought more frequently for additional five-year terms (or any shorter period). Our current authorization is due to expire in October 2021 and we anticipate seeking a new authorization at our 2021 Annual General Meeting and in subsequent years. Should this authorization not be approved, our ability to issue equity could be limited which could adversely affect our securities holders.

Adient’s Articles of Association permit Adient by ordinary resolution of the shareholders to declare dividends, provided that the directors have made a recommendation as to its amount. The dividend may not exceed the amount recommended by the directors. The directors may also decide to continue to pay interim dividends if it appears to them that the profits available for distribution justify the payment. When recommending or declaring the payment of a dividend, the directors will be required under Irish law to comply with their duties, including considering Adient's future financial requirements.

The laws of Ireland differ from the laws in effect in the U.S. and may afford less protection to holders of Adient securities.

It may not be possible to enforce court judgments obtained in the U.S. against Adient in Ireland based on the civil liability provisions of the U.S. federal or state securities laws. In addition, there is some uncertainty as to whether the courts of Ireland would recognize or enforce judgments of U.S. courts obtained against Adient or its directors or officers based on the civil liabilities provisions of the U.S. federal or state securities laws or hear actions against Adient or those persons based on those laws. The U.S. currently does not have a treaty with Ireland providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters in Ireland. Therefore, a final judgment for the payment of money rendered by any U.S. federal or state court based on civil liability, whether or not based solely on U.S. federal or state securities laws, would not automatically be enforceable in Ireland.

A judgment obtained against Adient will be enforced by the courts of Ireland if the following general requirements are met: (i) U.S. courts must have had jurisdiction in relation to the particular defendant according to Irish conflict of law rules (the submission to jurisdiction by the defendant would satisfy this rule) and (ii) the judgment must be final and conclusive and the decree must be final and unalterable in the court which pronounces it. A judgment can be final and conclusive even if it is subject to appeal or even if an appeal is pending. Where however the effect of lodging an appeal under the applicable law is to stay execution of the judgment, it is possible that in the meantime the judgment may not be actionable in Ireland. It remains to be determined whether final judgment given in default of appearance is final and conclusive. However, Irish courts may refuse to enforce a judgment of the U.S. courts which meets the above requirements for one of the following reasons: (i) if the judgment is not for a definite sum of money; (ii) if the judgment was obtained by fraud; (iii) the enforcement of the judgment in Ireland would be contrary to natural or constitutional justice; (iv) the judgment is contrary to Irish public policy or involves certain U.S. laws which will not be enforced in Ireland; or (v) jurisdiction cannot be obtained by the Irish courts over the judgment debtors in the enforcement proceedings by personal service in Ireland or outside Ireland under Order 11 of the Ireland Superior Courts Rules.

As an Irish company, Adient is governed by the Irish Companies Act 2014, which differs in some material respects from laws generally applicable to U.S. corporations and shareholders, including, among others, differences relating to interested director and officer transactions and shareholder lawsuits. Likewise, the duties of directors and officers of an Irish company generally are owed to Adient only. Shareholders of Irish companies generally do not have a personal right of action against directors or officers of Adient and may exercise such rights of action on behalf of Adient only in limited circumstances. Accordingly, holders of Adient's securities may have more difficulty protecting their interests than would holders of securities of a corporation incorporated in a jurisdiction of the U.S.

In addition, the Adient articles of association provide that the Irish courts have exclusive jurisdiction to determine any and all derivative actions in which a holder of Adient ordinary shares asserts a claim in the name of Adient, actions asserting a claim of breach of a fiduciary duty of any of the directors of Adient and actions asserting a claim arising pursuant to any provision of Irish law or Adient's articles of association. Under Irish law, the proper claimant for wrongs committed against Adient, including by the Adient directors, is considered to be Adient itself. Irish law permits a shareholder to initiate a lawsuit on behalf of a company such as Adient only in limited circumstances, and requires court permission to do so.

The Company’s effective tax rate could be volatile and materially change as a result of changes in tax laws, mix of earnings and other factors.

A change in tax laws is one of many factors that impact the Company’s effective tax rate. The U.S. Congress, the Organization for Economic Co-operation and Development and other government agencies in jurisdictions where Adient and its affiliates do business have had an extended focus on issues related to the taxation of multinational corporations. One example is in the area of "base erosion and profit shifting," including situations where payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. As a result, the tax laws in the U.S. and other countries in which the Company and its affiliates do business could change on a prospective or retroactive basis, and any such changes could adversely impact Adient and its affiliates, including potential adverse impacts to the Company's effective tax rate.

In particular, the U.S. Tax Cuts and Jobs Act (the “Act”), enacted on December 22, 2017, contained significant changes to corporate taxation. Changes include, but are not limited to, a newly created tax on “base erosion” payments, a newly created minimum tax on certain earnings of foreign subsidiaries and additional limitations on the deductibility of interest expense. The guidance on these provisions (and other provisions of the Act) remains limited. Consequently, it is possible that the application of these provisions (and other provisions of the Act), could adversely impact Adient’s effective tax rate.

Further, the results of the U.S. presidential election could lead to changes in tax laws that could negatively impact the Company’s effective tax rate. Prior to the U.S. presidential election, President-Elect Biden proposed an increase in the U.S. corporate income tax rate from 21% to 28%, doubling the rate of tax on certain earnings of foreign subsidiaries, the creation of a 10% penalty on certain imports and a 15% minimum tax on worldwide book income. If any or all of these (or similar) proposals are ultimately enacted into law, in whole or in part, they could have a negative impact to Adient’s effective tax rate.

Currently, the Company incurs losses in certain countries where it does not receive a financial statement benefit, and the Company operates in countries which have different statutory rates. Consequently, changes in the mix and source of earnings between countries could have a material impact on Adient’s overall effective tax rate.

Legislative and other proposals that would deny governmental contracts to U.S. companies that move their corporate location abroad may affect Adient if adopted.

Various U.S. federal and state legislative and other proposals that would deny governmental contracts to U.S. companies (and subsidiaries of U.S. companies) that move (or have moved) their corporate location abroad may affect Adient and/or its affiliates if adopted. It is difficult to predict the likelihood that any such proposals might be adopted, the nature of the regulations that might be promulgated, or the effect such adoptions and increased regulatory scrutiny might have on Adient's business.

Adient's status as a foreign corporation for U.S. federal tax purposes could be affected by a change in law.

Under current law, Adient is expected to be treated as a foreign corporation for U.S. federal tax purposes and Section 7874 is not otherwise expected to apply to Adient or its affiliates as a result of the separation. However, changes to the rules contained in Section 7874 and the Treasury Regulations promulgated thereunder, or other changes in law, could adversely affect Adient's and/or its affiliates' status as foreign corporations for U.S. federal tax purposes, the ability of Adient's U.S. affiliates to use certain attributes or deductions, the Adient group's effective tax rate and/or future tax planning for the Adient group, and any such changes could have prospective or retroactive application to Adient, its shareholders and affiliates, and/or the separation and distribution.

Recent legislative and other proposals have aimed to expand the scope of U.S. corporate tax residence, including in such a way as could cause Adient and/or its affiliates to be treated as U.S. corporations if the management and control of Adient or such affiliates were determined to be located primarily in the U.S. In addition, recent legislative and other proposals have aimed to expand the scope of Section 7874, or otherwise address certain perceived issues arising in connection with so-called inversion transactions. This includes recently proposed legislation to limit the ability of certain “inverted domestic corporations” to avail themselves of certain benefits under the CARES Act. Such proposals, if made retroactively effective to transactions completed during the period in which the separation occurred, could cause Adient and/or its affiliates to be treated as U.S. corporations for U.S federal tax purposes. In such case, the Adient group would be subject to substantially greater U.S. tax liability than currently contemplated.

Potential indemnification liabilities to Adient’s former parent company pursuant to the separation agreement could adversely affect Adient.

Adient separated from Johnson Controls International plc in 2016. The separation arrangements with the former parent company provide for, among other things, the principal corporate transactions required to effect the separation, certain conditions to the separation and provisions governing the relationship between Adient and the former parent company with respect to and resulting from the separation, including ongoing relationships. Among other things, the separation arrangements provide for indemnification obligations designed to make Adient financially responsible for substantially all liabilities that may exist relating to its business activities, whether incurred prior to or after the separation, as well as those obligations of the former Parent assumed by Adient pursuant to the separation arrangements and in respect of the conduct of the parties post-separation. Adient may be subject to substantial liabilities under these indemnifications.

Transfers of Adient ordinary shares, other than by means of the transfer of book-entry interests in the Depository Trust Company, may be subject to Irish stamp duty.

It is expected that, for the majority of transfers of Adient ordinary shares, there will not be any Irish stamp duty. Transfers of Adient ordinary shares effected by means of the transfer of book-entry interests in the Depository Trust Company, which we refer to as DTC, are not subject to Irish stamp duty. But if Adient ordinary shares are held directly rather than beneficially through DTC, any transfer of Adient ordinary shares could be subject to Irish stamp duty (currently at the rate of 1% of the higher of the price paid or the market value of the shares acquired). A shareholder who directly holds Adient ordinary shares may transfer those shares into his or her own broker account to be held through DTC (or vice versa) without giving rise to Irish stamp duty provided that there is no change in the beneficial ownership of the shares as a result of the transfer and the transfer is not in contemplation of a sale of the shares by a beneficial owner to a third party.

Payment of Irish stamp duty is generally a legal obligation of the transferee. The potential for stamp duty could adversely affect the price of Adient ordinary shares.

Certain provisions in Adient's articles of association, among other things, could prevent or delay an acquisition of Adient, which could decrease the trading price of Adient ordinary shares.

Adient’s Articles of Association include measures that may be found in the charters of U.S. companies and that could have the effect of deterring coercive takeover practices, inadequate takeover bids and unsolicited offers. These provisions include, among others: (i) the power for the board of directors to issue and allot preferred shares or implement a shareholder rights plan without shareholder approval in certain circumstances; (ii) a provision similar to Section 203 of the Delaware General Corporation Law, which provides that, subject to limited exceptions, persons that acquire, or are affiliated with a person that acquires, more than 15 percent of the outstanding ordinary shares of Adient shall not engage in any business combination with Adient, including by merger, consolidation or acquisitions of additional shares, for a three-year period following the date on which that person or its affiliates becomes the holder of more than 15 percent of Adient's outstanding ordinary shares; (iii) rules regarding how shareholders may present proposals or nominate directors for election at shareholder meetings; and (iv) the ability of the Adient board of directors to fill vacancies on the board of directors in certain circumstances.

It could be difficult for Adient to obtain shareholder approval for a merger or negotiated transaction because the shareholder approval requirements for certain types of transactions differ, and in some cases are greater, under Irish law than under U.S. state law.

In addition, several mandatory provisions of Irish law could prevent or delay an acquisition of Adient. For example, Adient will be subject to various provisions of Irish law relating to mandatory bids, voluntary bids, requirements to make a cash offer and minimum price requirements, as well as substantial acquisition rules and rules requiring the disclosure of interests in Adient ordinary shares in certain circumstances. Also, Irish companies, including Adient, may only alter their memorandum of association and articles of association with the approval of the holders of at least 75% of Adient's shares present and voting in person or by proxy at a general meeting of Adient (and certain provisions of Adient's memorandum of association and articles of association may only be amended with the approval of the holders of at least 80% in nominal value of Adient's issued ordinary shares.

Irish law requires that Adient meet certain additional financial requirements before it declares dividends.

Under Irish law, Adient will be able to declare dividends and make distributions only out of "distributable reserves." Distributable reserves are the accumulated realized profits of Adient that have not previously been utilized in a distribution or capitalization less accumulated realized losses that have not previously been written off in a reduction or reorganization of capital, and include reserves created by way of a reduction of capital, including the share premium account. In addition, no distribution or dividend may be paid or made by Adient unless the net assets of Adient are equal to, or exceed, the aggregate of Adient's called up share capital plus non-distributable reserves and the distribution does not reduce Adient's net assets below such aggregate. Non-distributable reserves include the share premium account, the capital redemption reserve fund and the amount by which Adient's accumulated unrealized profits that have not been previously utilized by any capitalization exceed Adient's accumulated unrealized losses that have not previously been written off in a reduction or reorganization of capital.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The following table sets forth Adient's principal owned and leased facilities as of September 30, 2020.

	Number of Locations					
	Operations			Administrative		
	Owned	Leased	Total	Owned	Leased	Total
United States	25	16	41	2	2	4
Mexico	9	8	17	—	1	1
Germany	5	6	11	2	5	7
Thailand	3	10	13	—	—	—
China	3	6	9	1	3	4
Czech Republic	3	6	9	—	1	1
Japan	4	1	5	—	4	4
Other EMEA	32	27	59	—	10	10
Other Asia	6	22	28	—	5	5
Other Americas	9	1	10	1	—	1
	99	103	202	6	31	37

Adient considers its facilities suitable and adequate for the purposes for which they are used and do not anticipate difficulty in renewing existing leases as they expire or in finding alternative facilities. See Part II, Item 8 of this Annual Report on Form 10-K in Note 8, "Leases," of the notes to consolidated financial statements for information regarding lease commitments.

Item 3. Legal Proceedings

Adient is involved in various lawsuits, claims and proceedings incident to the operation of its businesses, including those pertaining to product liability, product safety, environmental, safety and health, intellectual property, employment, commercial, contractual and various other matters. Although the outcome of any such lawsuit, claim or proceeding cannot be predicted with certainty and some may be disposed of unfavorably to Adient, it is management's opinion that none of these will have a material adverse effect on Adient's financial position, results of operations or cash flows. Adient accrues for potential liabilities in a manner consistent with accounting principles generally accepted in the United States, that is, when it is probable a liability has been incurred and the amount of the liability is reasonably estimable.

Item 4. Mine Safety Disclosures

Not applicable.

PART II - OTHER INFORMATION

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Principal Market

Adient's ordinary shares are traded on the New York Stock Exchange ("NYSE") under the symbol "ADNT." A "when-issued" trading market for Adient's ordinary shares began on the NYSE on October 17, 2016, and "regular way" trading of Adient's ordinary shares began on October 31, 2106. Prior to October 31, 2016, there was no public market for Adient's ordinary shares.

Holders

As of September 30, 2020, there were 25,807 shareholders of record.

Dividends

Adient suspended its cash dividends following the dividend paid in the first quarter of fiscal 2019. Any future dividends will be at the discretion of the board of directors and will depend upon Adient's financial condition, results of operations, capital requirements, alternative uses of capital and other factors the board of directors may consider at its discretion. In addition, under Irish law, dividends and distributions (including the payment of cash dividends or share repurchases) may be made only from "distributable reserves" on Adient's unconsolidated balance sheet prepared in accordance with the Irish Companies Act 2014. In addition, no distribution or dividend may be paid or made by Adient unless the net assets of Adient are equal to, or exceed, the aggregate of Adient's share capital that has been paid up or that is payable in the future plus non-distributable reserves, and the distribution does not reduce Adient's net assets below such aggregate.

Recent Sales of Unregistered Equity Securities

None.

Repurchases of Equity Securities

There was no share repurchase activity during the three months ended September 30, 2020.

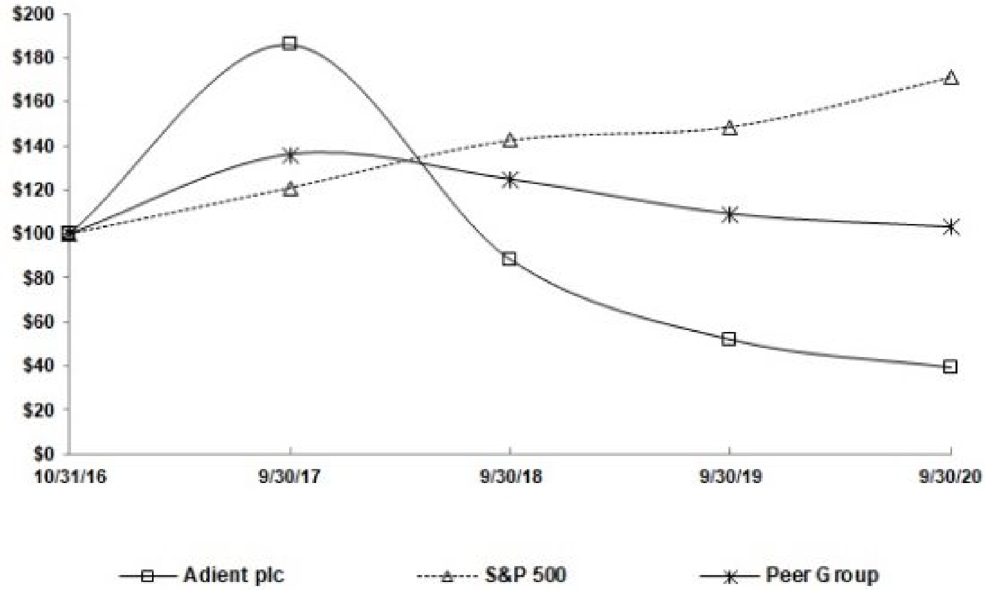
Stock Performance Graph

The following information in this Item 5 is not deemed to be “soliciting material” or to be “filed” with the SEC or subject to Regulation 14A or 14C under the Securities Exchange Act of 1934 or to the liabilities of Section 18 of the Securities Exchange Act of 1934, and will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent Adient specifically incorporates it by reference into such a filing.

The following graph shows a comparison of cumulative total shareholder return, calculated on a dividend reinvested basis, for Adient’s ordinary shares, the Standard & Poor’s 500 Index, and a peer group for the period October 31, 2016 (the first day ordinary shares were traded following the separation) through September 30, 2020. The graph assumes the value of the investment in Adient's ordinary shares and each index was $100 on October 31, 2016 (which was the date of Adient’s spin off as a public company from its former Parent) and that all dividends were reinvested. Historic stock price performance is not necessarily indicative of future stock price performance. Adient selected a peer group comprised of representative independent automotive suppliers whose common stock is publicly traded. The peer group referenced in the graph below consists of Autoliv, Inc., BorgWarner, Inc., Cooper-Standard Holding, Inc., Faurecia SA, Goodyear Tire & Rubber, Huayu Automotive Systems Co. Ltd., Lear Corp, Magna International Inc., Tenneco Inc. and Toyota Boshoku Corp. Delphi Technologies Plc has been removed from the peer group for all periods due to its recent transaction with BorgWarner, Inc.

COMPARISON OF 47 MONTH CUMULATIVE TOTAL RETURN*

Among Adient plc, the S&P 500 Index and a Peer Group



*$100 invested on 10/31/16 in stock or index, including reinvestment of dividends.
Fiscal year ending September 30.

	Oct/2016	Sep/2017	Sep/2018	Sep/2019	Sep/2020
Adient plc	$ 100	$ 186	$ 89	$ 52	$ 39
S&P 500	$ 100	$ 121	$ 142	$ 149	$ 171
Peer Group	$ 100	$ 136	$ 125	$ 109	$ 103

Item 6. Selected Financial Data

The following selected historical consolidated financial data below should be read in conjunction with Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical consolidated financial statements and related notes thereto included in Part II, Item 8 of this Annual Report on Form 10-K to fully understand factors that may affect the comparability of the information presented below. The selected consolidated financial data in this section are not intended to replace the consolidated financial statements and are qualified in their entirety by the consolidated financial statements and related notes included in this Annual Report on Form 10-K.

Statement of Operations (dollars in millions)	2020	2019	2018	2017	2016
Net sales	$ 12,670	$ 16,526	$ 17,439	$ 16,213	$ 16,790
Gross profit	592	801	904	1,397	1,643
Net income (loss) attributable to Adient [1]	(547)	(491)	(1,685)	877	(1,546)
Earnings per share [2]					
Basic	$ (5.83)	$ (5.25)	$ (18.06)	$ 9.38	$ (16.50)
Diluted	$ (5.83)	$ (5.25)	$ (18.06)	$ 9.34	$ (16.50)
Balance Sheet Data (dollars in millions)					
Total assets	$ 10,261	$ 10,342	$ 10,942	$ 13,170	$ 12,956
Total debt	4,307	3,738	3,430	3,478	3,521
Shareholders' equity attributable to Adient	1,213	1,848	2,392	4,279	4,176
Total debt to capitalization [3]	78 %	67 %	59 %	45 %	46 %

Notes to the Selected Financial Data table:

[1] Net income (loss) attributable to Adient includes the following significant items. Refer to Note 18, "Segment Information," of the notes to consolidated financial statements for more information on the individual items below.

(in millions)	2020	2019	2018	2017	2016
Pension mark-to-market	$ (22)	$ (49)	$ 24	$ 45	$ (110)
Gain (loss) on business transactions - net [4]	(13)	—	—	151	—
Costs related to Becoming Adient	—	—	(62)	(95)	—
Costs related to the separation of Adient	—	—	—	(10)	(369)
Restructuring costs and impairment charges [5]	(469)	(176)	(1,539)	(46)	(332)
Tax benefit (expense) of items above	33	12	270	22	66
	(471)	(213)	(1,307)	67	(745)
One-time tax benefit (expense) items [6]	(6)	(342)	(767)	12	(1,891)
Impact of significant items	$ (477)	$ (555)	$ (2,074)	$ 79	$ (2,636)

[2] Adient earnings per share for 2016 were calculated using the number of shares that were distributed to the former Parent shareholders upon the separation (93,671,810 shares).

[3] Total debt to capitalization represents total debt divided by the sum of total debt and equity attributable to Adient.

[4] Net (gain) loss on business transactions in fiscal 2020 includes a $21 million loss on sale of RECARO automotive high performance seating, a $ 4 million loss on the deconsolidation of Adient Aerospace and a $12 million gain associated with the Yanfeng transaction, and in fiscal 2017 includes a $151 million net gain related to a previously held interest in a China affiliate that is recorded in equity income.

[5] Fiscal 2020 restructuring and impairment charges include a $231 million non-cash pre-tax impairment of the YFAI investment (recorded within equity income), a $24 million non-cash pre-tax impairment related to China intangible assets, $21 million of non-cash pre-tax assets held for sale impairments, $8 million of other non-cash pre-tax long-lived asset impairments and a $185 million restructuring charge. Fiscal 2019 restructuring and impairment charges include a $66 million non-cash pre-tax impairment charge related to long-lived assets in the seat structure and mechanism operations, an $18 million non-cash pre-tax impairment charge related to assets held for sale ($6 million in the Americas and $12 million in Asia) and a $92 million restructuring charge. Fiscal 2018 restructuring costs and impairment charges include a $1,086 million of non-cash pre-tax charges related to seat structure and mechanism operations ($787 million relates to long-lived assets and $299 million relates to goodwill), a $358 million non-cash pre-tax impairment charge of the YFAI investment (recorded within equity income), a $49 million non-cash pre-tax impairment charge related to assets held for sale and a $46 million restructuring charge. Amounts in years prior to fiscal 2018 primarily relate to restructuring charges. Refer to Note 5, "Property, Plant and Equipment," Note 6, "Goodwill and Other Intangible Assets," Note 15, "Restructuring and Impairment Costs," Note 16, "Impairment of Long-Lived Assets," and Note 19, "Nonconsolidated Partially-Owned Affiliates," of the notes to the consolidated financial statements for more information.

[6] One-time tax expense items in fiscal 2020 primarily relates to establishing valuation allowances in certain jurisdictions and other one-time charges. One-time tax expense items in fiscal 2019 primarily relate to establishing valuation allowances of $297 million and the impact of adjusting year-to-date tax expense of $50 million to reflect the higher estimated annual effective tax rate resulting from the establishment of the valuation allowances. One-time tax expense items in fiscal 2018 primarily relate to establishing valuation allowances of $555 million and the impact of U.S. tax reform of $210 million. Amounts in fiscal 2016 primarily relate to tax charges associated with the separation from the former Parent.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Presentation of Information

Unless the context requires otherwise, references to "Adient plc" or "Adient" refer to Adient plc and its consolidated subsidiaries for periods subsequent to its separation from Johnson Controls International plc ("the former Parent") on October 31, 2016. References in this Annual Report on Form 10-K to the "separation" refer to the legal separation and transfer of the former Parent's automotive seating and interiors business to Adient on October 31, 2016.

Forward-Looking Statements

Adient has made statements in this section and other parts of this Annual Report on Form 10-K ("Form 10-K") that are forward-looking and, therefore, are subject to risks and uncertainties. All statements in this Form 10-K other than statements of historical fact are statements that are, or could be, deemed "forward-looking statements", within the meaning of the Private Securities Litigation Reform Act of 1995. In this Form 10-K, statements regarding Adient's future financial position, sales, costs, earnings, cash flows, other measures of results of operations, capital expenditures or debt levels and plans, objectives, outlook, targets, guidance or goals are forward-looking statements. Words such as "future," "may," "will," "would," "could," "can," "expect," "intend," "estimate," "anticipate," "believe," "should," "forecast," "predict," "project" or "plan" or terms of similar meaning are also generally intended to identify forward-looking statements. Adient cautions that these statements are subject to numerous important risks, uncertainties, assumptions and other factors, some of which are beyond Adient's control, that could cause Adient's actual results to differ materially from those expressed or implied by such forward-looking statements, including, among others, risks related to: the continued financial and operational impacts of and uncertainties relating to the COVID-19 pandemic on Adient and its customers, suppliers, joint venture partners and other parties, the impact of tax reform legislation through the Tax Cuts and Jobs Act and/ or under a new U.S. presidential administration, uncertainties in U.S. administrative policy regarding trade agreements, tariffs and other international trade relations including as may be impacted by the change in U.S. presidential administration, the ability of Adient to execute its turnaround plan, the ability of Adient to effectively launch new business at forecast and profitable levels, the ability of Adient to identify, recruit and retain key leadership, the ability of Adient to meet debt service requirements, the terms of financing, general economic and business conditions, the strength of the U.S. or other economies, automotive vehicle production levels, mix and schedules, energy and commodity prices, the availability of raw materials and component products, currency exchange rates and cancellation of or changes to commercial arrangements. Potential investors and others should consider these factors in evaluating the forward-looking statements and should not place undue reliance on such statements. Additional information regarding these and other risks related to Adient's business that could cause actual results to differ materially from what is contained in the forward-looking statements is included in the section entitled "Risk Factors," contained in Item Part I, Item 1A of the which are incorporated herein by reference. The following discussion should be read in conjunction with the consolidated financial statements and notes thereto included in Part II, Item 8 of this Form 10-K. All information presented herein is based on the

Adient's fiscal calendar. Unless otherwise stated, references to particular years, quarters, months or periods refer to Adient's fiscal years ended in September and the associated quarters, months and periods of those fiscal years. The forward-looking statements included in this Form 10-K are made only as of the date of this report, unless otherwise specified, and, except as required by law, Adient assumes no obligation, and disclaims any obligation, to update such statements to reflect events or circumstances occurring after the date of this Form 10-K.

Separation from the former Parent

On October 31, 2016, Adient became an independent company as a result of the separation of the automotive seating and interiors business from Johnson Controls. Adient was incorporated under the laws of Ireland in fiscal 2016 for the purpose of holding these businesses. Adient's ordinary shares began trading "regular-way" under the ticker symbol "ADNT" on the New York Stock Exchange on October 31, 2016. Upon becoming an independent company, the capital structure of Adient consisted of 500 million authorized ordinary shares and 100 million authorized preferred shares (par value of $0.001 per ordinary and preferred share). The number of Adient ordinary shares issued on October 31, 2016 was 93,671,810.

Overview

Adient is a global leader in the automotive seating supply industry with relationships with the largest global auto manufacturers. Adient's technologies extend into virtually every area of automotive seating solutions, including complete seating systems, frames, mechanisms, foam, head restraints, armrests and trim covers. Adient is an independent seat supplier with global scale and the capability to design, develop, engineer, manufacture and deliver complete seat systems and components in every major automotive producing region in the world.

Adient designs, manufactures and markets a full range of seating systems and components for passenger cars, commercial vehicles and light trucks, including vans, pick-up trucks and sport/crossover utility vehicles. Adient operates in 202 wholly- and majority-owned manufacturing or assembly facilities, with operations in 32 countries. Additionally, Adient has partially-owned affiliates in China, Asia, Europe and North America. Through its global footprint, vertical integration and partnerships in China, Adient leverages its capabilities to drive growth in the automotive seating industry.

Adient manages its business on a geographic basis and operates in the following three reportable segments for financial reporting purposes: 1) Americas, which is inclusive of North America and South America; 2) Europe, Middle East, and Africa ("EMEA") and 3) Asia Pacific/China ("Asia").

Adient evaluates the performance of its reportable segments using an adjusted EBITDA metric defined as income before income taxes and noncontrolling interests, excluding net financing charges, restructuring and impairment costs, restructuring related-costs, net mark-to-market adjustments on pension and postretirement plans, transaction gains/losses, purchase accounting amortization, depreciation, stock-based compensation and other non-recurring items ("Adjusted EBITDA"). Also, certain corporate-related costs are not allocated to the segments. The reportable segments are consistent with how management views the markets served by Adient and reflect the financial information that is reviewed by its chief operating decision maker. Refer to Note 18, "Segment Information," of the notes to the consolidated financial statements for additional information on Adient's reportable segments.

Recent Developments Regarding COVID-19

The impact of the novel strain of the coronavirus identified in late 2019 ("COVID-19") continues to be present throughout the world, including in all global and regional markets served by Adient. Governmental authorities have implemented numerous measures attempting to contain and mitigate the effects of COVID-19, including travel bans and restrictions, quarantines, social distancing orders, shelter in place orders and shutdowns of non-essential activities. Adient's manufacturing facilities are located in areas that have been affected by the pandemic. Adient's China facilities (including both consolidated and non-consolidated joint ventures) were effectively shut down during the lunar New Year festival (at the end of January) and did not return to operations until the end of March 2020. Currently, all of Adient's plants in China are operating and all of its customer plants in China have re-opened.

Beginning in late March 2020, Adient experienced the shutdown of effectively all of its facilities in the Americas and European regions coinciding with the shutdown of its customer facilities in those regions. Adient also experienced the shutdown of approximately 50% of its plants in Asia (outside China) during late March and early April. During May and June, production started to resume in all regions concurrent with Adient's customers resuming operations and continued to ramp up through Adient's fiscal fourth quarter. As of September 30, 2020, virtually all of Adient's plants had resumed production, but with production rates well below pre-pandemic levels.

It is likely that the global automotive industry will experience significantly lower demand for new vehicle sales as a result of the global economic slowdown caused by the COVID-19 pandemic because new vehicle sales are highly dependent on strong consumer confidence and low unemployment. Until consumers regain confidence in the markets and unemployment returns to lower levels, new vehicle sales will likely be significantly lower than historical and previously projected pre-pandemic sales levels.

Adient has been actively monitoring the global outbreak and spread of COVID-19 and taking steps to mitigate the potential risks to the Company posed by its spread and related circumstances and impacts. Adient continues to assess and update its business continuity plans in the context of this pandemic, including analyzing constraints at its suppliers. Adient has taken precautions to help keep its workforce healthy and safe, including establishing a Global Response Team, implementing strict travel restrictions, enforcing rigorous hygiene protocols, increasing sanitization efforts at all facilities, enacting visitor restrictions, social distancing, face covering expectations, and temperature and health screenings and implementing remote working arrangements for the vast majority of Adient's employees who work outside the plants.

Adient took significant measures to reduce its overall cash burn rate (defined as net cash outflow associated with operating the company) during the shutdown, including the furlough of direct/salary plant workers, reductions of salaries in all areas of the globe and retirement benefits for U.S. employees outside the plants, reduced/delayed capex spending to coincide with the resumption of production and effectively eliminating all discretionary spending. The actions to reduce and defer compensation were global initiatives and included 20% salary reductions in the U.S. beginning on March 23, 2020 (with up to 10% incremental reductions and deferrals taking effect on April 13, 2020) and running until June 30, 2020, salary reductions of up to 20% for certain employees in many of the countries outside of the U.S., CEO salary reduction and deferral until July 15, 2020, and a 20% Board fee reduction. Effective July 1, 2020, Adient offered certain employees, including Adient’s executive officers, restricted stock unit (RSU) awards in lieu of 10-30% of salary and other compensatory benefits that are being foregone by each recipient from the time period beginning July 1, 2020 through June 30, 2021. The RSU awards will vest in two tranches, with one half of the awards vesting six months from the grant date, and the remaining half vesting one year from the grant date.

In addition to the significant measures taken to reduce and contain costs, Adient took actions to provide additional liquidity, primarily including the draw down on its ABL revolving credit facility of $825 million at the end of March 2020 and the issuance of $600 million of senior secured notes due 2025 on April 20, 2020. Adient's ability to borrow against the ABL revolving credit facility is limited to its borrowing base, which consists primarily of accounts receivable, inventory and certain cash account balances at certain Adient subsidiaries. Such working capital account balances decreased, as expected, during the third quarter of fiscal 2020 as a result of the production shutdown but subsequently increased, as expected, during the fourth quarter of fiscal 2020 as a result of the resumption of production. Adient repaid $825 million of the ABL revolving credit facility during the third and fourth quarters of fiscal 2020 and maintains $787 million of availability under the ABL revolving credit facility as of September 30, 2020.

The recent automotive production shutdown across most of the world has also significantly impacted Adient’s daily working capital. During the third quarter of fiscal 2020, Adient experienced significantly lower trade working capital balances (accounts receivable, inventory and accounts payable) due to the shutdown of production in the early part of the third quarter and resumption of production only toward the latter part of the quarter. Trade working capital was favorably impacted during the early part of the third quarter but was more than offset by the unfavorable impact to trade working capital during the latter part of the quarter. The resumption of production in the fourth quarter of fiscal 2020 had a favorable impact to trade working capital as Adient returned to a more stabilized production run rate.

Adient closed on the sale of its YFAI joint venture investment (as part of the broader Yanfeng transaction announced on January 31, 2020 and as modified on June 24, 2020), providing additional liquidity of approximately $329 million. Adient also closed on the sale of its fabrics business, providing additional liquidity of approximately $170 million.

Adient has also pursued, wherever it qualifies, governmental assistance during this time. For example, Adient has been deferring the employer portion of FICA until fiscal 2021 or beyond and deferring VAT payments. Adient is seeking to take advantage of all such assistance to either defer payments to government authorities or to receive cash to help defray operating costs. Adient cannot guarantee that it will continue to qualify for, or receive any of, the assistance that it is pursuing.

Finally, Adient’s Chinese joint ventures paid dividends to Adient during the fiscal year ending September 30, 2020 of approximately $273 million. Adient, however, cannot guarantee the collection of annual cash dividends from its non-consolidated joint ventures.

The spread of COVID-19 and the measures taken to restrain the spread of the virus have had, and will continue to have, a material negative impact on Adient's financial results and liquidity, and such negative impact may continue well beyond the containment of such outbreak. Adient cannot assure that the assumptions used to estimate its liquidity requirements will be correct because it has never previously experienced such a widespread cessation of its operations as it experienced in the third quarter of fiscal 2020. In addition, the magnitude, duration, speed and potential resurgence of the global pandemic is uncertain. Consequently, the impact on Adient's business, financial condition or longer-term financial or operational results are uncertain. Based on the actions it has taken and the assumptions regarding the impact of COVID-19, Adient believes that its current financial resources will be sufficient to fund the company's liquidity requirements for at least the next twelve months.

Global Automotive Industry

Adient conducts its business globally in the automotive industry, which is highly competitive and sensitive to economic, political and social factors in the various regions. During fiscal 2020, automotive production across the globe declined due to the economic slow down resulting from the COVID-19 pandemic.

Light vehicle production levels by geographic region are provided below:

	Light Vehicle Production				
(units in millions)	**2020**	**Change**	**2019**	**Change**	**2018**
Global	72.3	-18.8 %	89.0	-4.8 %	93.5
North America	13.0	-22.2 %	16.7	-0.6 %	16.8
South America	2.3	-30.3 %	3.3	-2.9 %	3.4
Europe	16.1	-27.8 %	22.3	-3.9 %	23.2
China	23.1	-6.1 %	24.6	-12.1 %	28.0
Asia, excluding China, and Other	17.8	-19.5 %	22.1	— %	22.1

Source: IHS Automotive, October 2020

Financial Results Summary

Significant aspects of Adient's financial results for fiscal 2020 include the following:

- Adient recorded net sales of $12,670 million for fiscal 2020, representing a decrease of $3,856 million when compared to fiscal 2019. The decrease in net sales is primarily due to the significant operational interruptions related to COVID-19 starting in the second quarter of fiscal 2020 which resulted in lower sales volumes across all regions, unfavorable foreign currency impact ($217 million), and the impact of divestitures primarily related to RECARO ($115 million).

- Gross profit was $592 million, or 4.7% of net sales for fiscal 2020 compared to $801 million, or 4.8% of net sales for fiscal 2019. Profitability, including gross profit as a percentage of net sales, was lower primarily due to the lower sales volume resulting from the COVID-19 impact, partially offset by the impact of business performance improvements including lower launch inefficiencies, and reductions in operational waste and freight along with favorable commercial settlements and net pricing adjustments.

- Equity income was $22 million for fiscal 2020, which compares to equity income of $275 million for fiscal 2019. The significantly lower level of equity income during fiscal 2020 was primarily attributable to the $231 million non-cash impairment charge related to Adient's YFAI investment recorded in conjunction with the Yanfeng transaction and the impact from the planned divestiture of YFAI ($26 million).

- Net loss attributable to Adient was $547 million for fiscal 2020, compared to a loss of $491 million for fiscal 2019. The increased net loss attributable to Adient is primarily due to the impact of having significantly lower volumes due to COVID-19 along with a one-time non-cash impairment charge of $231 million on Adient's YFAI investment, a $25 million loss on the sale of the RECARO business and deconsolidation of Adient Aerospace, and overall higher net financing costs, partially offset by operating improvements and lower administrative costs and one-time charges in the prior year related to impairment in the seat structures and mechanism business of $66 million and income tax charges to establish valuation allowances of $297 million.

Consolidated Results of Operations

(in millions)	2020	Change	Year Ended September 30, 2019	Change	2018
Net sales	$ 12,670	-23%	$ 16,526	-5%	$ 17,439
Cost of sales	12,078	-23%	15,725	-5%	16,535
Gross profit	592	-26%	801	-11%	904
Selling, general and administrative expenses	558	-17%	671	-8%	730
Loss on business divestitures - net	13	n/a	—	n/a	—
Restructuring and impairment costs	238	35%	176	-85%	1,181
Equity income (loss)	22	-92%	275	> 100%	(13)
Earnings (loss) before interest and income taxes	(195)	> -100%	229	> 100%	(1,020)
Net financing charges	220	21%	182	26%	144
Other pension expense (income)	14	-69%	45	> 100%	(43)
Income (loss) before income taxes	(429)	> -100%	2	> 100%	(1,121)
Income tax provision (benefit)	57	-86%	410	-15%	480
Net income (loss)	(486)	-19%	(408)	75%	(1,601)
Income (loss) attributable to noncontrolling interests	61	-27%	83	-1%	84
Net income (loss) attributable to Adient	$ (547)	-11%	$ (491)	71%	$ (1,685)

Net Sales

(in millions)	2020	Change	Year Ended September 30, 2019	Change	2018
Net sales	$ 12,670	-23%	$ 16,526	-5%	$ 17,439

Net sales decreased by $3,856 million, or 23%, in fiscal 2020 primarily due to the significant operational interruptions related to COVID-19 starting in the second quarter of fiscal 2020 which resulted in lower sales volumes across all regions, unfavorable foreign currency impact ($217 million), and the impact of divestitures primarily related to RECARO ($115 million), partially offset by favorable commercial settlements and net pricing adjustments, including material economics, net of recoveries. Refer to the segment analysis below for a discussion of segment net sales.

Net sales decreased by $913 million, or 5%, in fiscal 2019 primarily due to the unfavorable impact of foreign currency ($508 million) and lower volumes in EMEA and Asia ($576 million), partially offset by higher volumes in the Americas ($163 million). Refer to the segment analysis below for a discussion of segment net sales.

Cost of Sales / Gross Profit

(in millions)	2020	Change	Year Ended September 30, 2019	Change	2018
Cost of sales	$ 12,078	-23%	$ 15,725	-5%	$ 16,535
Gross profit	592	-26%	801	-11%	904
% of sales	4.7 %		4.8 %		5.2 %

Cost of sales decreased by $3,647 million, or 23%, and gross profit decreased by $209 million, or 26%, in fiscal 2020. Cost of sales were lower primarily due to the decrease in sales volumes as a result of the COVID-19 impact along with overall business performance improvements, the favorable impact of foreign currency ($195 million), and the impact of divestitures primarily related to RECARO ($97 million). Gross profit was lower as a result of the negative impact of lower sales volume due to the COVID-19 impact, partially offset by the impact of business performance improvements including lower launch inefficiencies, and reductions in operational waste and freight along with favorable commercial settlements and net pricing adjustments. Refer to the segment analysis below for a discussion of segment profitability.

Cost of sales decreased by $810 million, or 5%, and gross profit decreased by $103 million, or 11%, in fiscal 2019. Cost of sales were lower due to favorable foreign currency ($467 million), a reduction in depreciation expense due to long-lived asset impairments taken at the end of the prior year ($98 million), prior year Becoming Adient costs ($46 million) and by the impact of current year decreases in production volumes, partially offset by continued business performance issues related to launch inefficiencies within the Americas and EMEA segments particularly during the first half of fiscal 2019. These ongoing performance issues, along with lower volumes and the net unfavorable impact of foreign currency, also resulted in a year-over-year decline of gross profit as a percentage of net sales. Refer to the segment analysis below for a discussion of segment profitability.

Selling, General and Administrative Expenses

	Year Ended September 30,				
(in millions)	**2020**	**Change**	**2019**	**Change**	**2018**
Selling, general and administrative expenses	$ 558	-17%	$ 671	-8%	$ 730
% of sales	4.4 %		4.1 %		4.2 %

Selling, general and administrative expenses (SG&A) decreased by $113 million, or 17%, in fiscal 2020 as compared to fiscal 2019. SG&A was favorably impacted by lower overall administrative and engineering spending of $88 million, including lower levels of certain compensation and discretionary spending which are not expected to recur as part of the annual SG&A run rate, prior year Adient Aerospace and RECARO costs of $39 million, lower share based compensation expense of $5 million and the favorable impact of foreign currency ($5 million), partially offset by higher transaction costs in the current year related to the Yanfeng transaction and sale of the fabrics business of $12 million. Refer to the segment analysis below for a discussion of segment profitability.

Selling, general and administrative expenses (SG&A) decreased by $59 million in fiscal 2019. SG&A was favorably impacted by lower engineering costs ($54 million), the favorable impact of foreign currency ($20 million), lower depreciation expense ($17 million), prior year Becoming Adient costs ($16 million), lower stock-based compensation ($14 million), and overall reduced costs resulting from restructuring actions, partially offset by reestablishing certain discretionary spending, primarily incentive compensation, in the current year. Refer to the segment analysis below for a discussion of segment profitability.

Restructuring and Impairment Costs

	Year Ended September 30,				
(in millions)	**2020**	**Change**	**2019**	**Change**	**2018**
Restructuring and impairment costs	$ 238	35%	$ 176	-85%	$ 1,181

Restructuring and impairment charges increased by $62 million in fiscal 2020 due primarily to higher levels of restructuring actions taken in fiscal 2020 after the industry experienced significant volume decreases resulting from the COVID-19 impact, $53 million of one-time non-cash impairment charges of long-lived assets in China and other assets held for sale, partially offset by one-time non-cash impairment charges in the prior year related to the seat structures and mechanisms business ($66 million).

Restructuring and impairment charges decreased by $1 billion in fiscal 2019 as compared to fiscal 2018. The fiscal 2018 charge primarily relates to a $787 million long-lived asset impairment charge and a $299 million goodwill impairment associated with the seat structure and mechanism operations, along with a $49 million assets held for sale impairment charge and $46 million of net restructuring charges. The fiscal 2019 charges primarily relate to a $66 million long-lived asset impairment charge associated with the seat structure and mechanism operations, $18 million of impairment charges on assets held for sale and $92 million of net restructuring charges.

Refer to Note 3, "Acquisitions and Divestitures," of the notes to the consolidated financial statements for information related to the assets held for sale. Refer to Note 6, "Goodwill and Other Intangible Assets," of the notes to the consolidated financial statements for information related to the non-cash impairment charges of long-lived assets in fiscal 2020 and the goodwill impairment charge recorded in fiscal 2018. Refer to Note 15, "Restructuring and Impairment Costs," of the notes to the consolidated financial statements for information related to Adient's restructuring plans. Refer to Note 16, "Impairment of Long-Lived Assets," of the notes to the consolidated financial statements for information related to the impairment charges recorded in fiscal 2020, 2019 and 2018.

Equity Income

	Year Ended September 30,				
(in millions)	**2020**	**Change**	**2019**	**Change**	**2018**
Equity income (loss)	$ 22	-92%	$ 275	> 100%	$ (13)

Equity income was $22 million for fiscal 2020, compared to $275 million for fiscal 2019. The decrease during fiscal 2020 was due primarily to the $231 million non-cash impairment charge recorded in fiscal 2020 of the YFAI investment as part of the Yanfeng transaction, and the impact from the planned divestiture of YFAI of $26 million, partially offset by higher income at certain China seating affiliates that included $10 million of benefits from tax credits at various China affiliates that are not expected to recur.

Equity income was $275 million for fiscal 2019, compared to a loss of $13 million for fiscal 2018. The increase during fiscal 2019 was due primarily to $366 million prior year charges related to YFAI ($358 million impairment of the YFAI investment and $8 million related to U.S. tax reform legislation), partially offset by the unfavorable impact of foreign currency ($19 million) and lower income at non-consolidated affiliates in Asia driven by lower production volumes in China.

Net Financing Charge

	Year Ended September 30,				
(in millions)	**2020**	**Change**	**2019**	**Change**	**2018**
Net financing charges	$ 220	21%	$ 182	26%	$ 144

Net financing charges increased in fiscal 2020 as a result of higher levels of outstanding debt and to higher average interest rates in the current year, partially offset by $3 million of net gain resulting from the partial extinguishment of debt. In fiscal 2019, a one-time charge of $13 million related to deferred financing fees associated with Adient's previous debt arrangements along with higher levels of outstanding debt and higher average interest rates resulted in higher net financing charges in 2019 compared to 2018. Refer to Note 9, "Debt and Financing Arrangements," of the notes to the consolidated financial statements for information related to the components of Adient's net financing charges.

Other Pension Expense (Income)

	Year Ended September 30,				
(in millions)	**2020**	**Change**	**2019**	**Change**	**2018**
Other pension expense (income)	$ 14	-69%	$ 45	> 100%	$ (43)

Other pension expense (income) consists of mark-to-market adjustments of Adient's retirement plans and non-service components of Adient's net periodic pension costs. The decrease in pension expense in fiscal 2020 is due to the lower level of pension mark-to-market impact (a $22 million charge in fiscal 2020 compared to a $49 million charge in fiscal 2019), partially offset by a $2 million pension settlement expense related to the settlement of two plans in the United States. The change in pension expense in fiscal 2019 as compared to fiscal 2018 is due to the unfavorable impact of pension mark-to-market ($49 million charge in fiscal 2019 compared to $24 million of income in fiscal 2018) and a $15 million favorable impact from a plan termination in fiscal 2018. Refer to Note 14, "Retirement Plans," of the notes to the consolidated financial statements for information related to the components of Adient's net periodic pension costs.

Income Tax Provision

(in millions)	Year Ended September 30, 2020	Change	2019	Change	2018
Income tax provision (benefit)	$ 57	-86%	$ 410	-15%	$ 480

The fiscal 2020 income tax expense of $57 million was higher than the Irish statutory rate of 12.5% primarily due to the inability to recognize a tax benefit for losses in jurisdictions with valuation allowances, the repatriation of foreign earnings, and changes in uncertain tax positions, partially offset by the tax benefits related to the impairment and sale of Adient’s YFAI investment, sale of Adient’s automotive fabrics manufacturing business, and impairment charges recorded in the Asia segment.

Adient reviews the realizability of its deferred tax assets on a quarterly basis, or whenever events or changes in circumstances indicate that a review is required. In determining the requirement for a valuation allowance, the historical and projected financial results of the legal entity or combined group recording the net deferred tax asset are considered, along with any other positive or negative evidence. All of the factors that Adient considers in evaluating whether and when to establish or release all or a portion of the deferred tax asset valuation allowance involve significant judgment. Since future financial results may differ from previous estimates, periodic adjustments to Adient's valuation allowances may be necessary.

As a result of Adient's fiscal 2020 analysis of the realizability of its worldwide deferred tax assets, and after considering tax planning initiatives and other positive and negative evidence, Adient determined it was more likely than not that deferred tax assets in certain jurisdictions would not be realized. These valuation allowances did not have a material impact on the consolidated financial statements. Adient continues to record valuation allowances on certain deferred tax assets in Germany, Hungary, Luxembourg, Mexico, Poland, Spain, the United Kingdom, the U.S. and other jurisdictions as it remains more likely than not that they will not be realized.

The fiscal 2019 income tax expense of $410 million was higher than the Irish statutory rate of 12.5% primarily due to the recognition of valuation allowances in Luxembourg, Poland, and the United Kingdom, repatriation of foreign earnings, changes in uncertain tax positions, and the impact of recognizing no tax benefit for losses in jurisdictions with valuation allowances.

As a result of Adient's fiscal 2019 analysis of the realizability of its worldwide deferred tax assets, and after considering tax planning initiatives and other positive and negative evidence (including the external debt refinancing, the related incremental net financing costs, and the restructuring of the internal financing which occurred in the third quarter of fiscal 2019 and including the long-lived asset impairment recorded in the second quarter of fiscal 2019), Adient determined it was more likely than not that deferred tax assets in Luxembourg (Q3), the United Kingdom (Q3) and certain Poland entities (Q2) would not be realized and recorded income tax expense of $229 million, $25 million and $43 million, respectively, to establish valuation allowances.

The fiscal 2018 income tax expense of $480 million was higher than the Irish statutory rate of 12.5% primarily due to the charge to recognize the impact of U.S. tax reform legislation, repatriation of foreign earnings, and changes in uncertain tax positions and valuation allowances, partially offset by benefits from global tax planning, notional interest deductions, foreign tax rate differentials, and impairment deductions.

As a result of Adient's fiscal 2018 analysis of the realizability of its worldwide deferred tax assets, and after considering tax planning initiatives and other positive and negative evidence (including the seat structure and mechanism operations long-lived asset impairment recorded in the fourth quarter of fiscal 2018), Adient determined that it was more likely than not that deferred tax assets within the following jurisdictions would not be realized and recorded net valuation allowances as income tax expense in the fourth quarter of fiscal 2018: Belgium ($12 million), Canada ($6 million), Germany ($175 million), Hungary ($14 million), Mexico ($117 million), Poland ($8 million), Romania ($9 million), and the U.S. ($281 million). Germany, Hungary, Mexico, Poland, Romania, and the U.S. cumulative loss positions were all adversely impacted by the seat structure and mechanism operations performance issues and resulting long-lived asset impairment. In addition, as a result of Adient's fiscal 2018 analysis, Adient determined that it was more likely than not that deferred tax assets within Brazil would be realized. Therefore, Adient released $76 million of valuation allowance as an income tax benefit in the fourth quarter of fiscal 2018.

On December 22, 2017, the U.S. Tax Cuts and Jobs Act (the “Act”) was signed and enacted into law, and is effective for tax years beginning on or after January 1, 2018, with the exception of certain provisions. As a fiscal year taxpayer, Adient was not subject to the majority of the provisions until fiscal year 2019, however the statutory tax rate reduction was effective January 1, 2018. The Act reduced the U.S. corporate tax rate from 35% to 21%. Adient’s fiscal 2018 income tax expense reflects the benefit from the reduced rate of 24.5% resulting from the application of Internal Revenue Code, Section 15 which provides for a proration of the newly enacted rate during that fiscal year. This benefit was offset by a non-cash tax expense of $106 million related to the remeasurement of Adient's net deferred tax assets at the lower statutory rate, a non-cash estimated tax expense of $100 million related to recording a valuation allowance to reflect the reduced benefit Adient expects to realize as a result of being subject to the Base Erosion and Anti-avoidance Tax ("BEAT"), and tax expense of $4 million related to the transition tax imposed on previously untaxed earnings and profits. During the first quarter of fiscal 2019, Adient completed its accounting for the Act BEAT valuation allowance resulting in no change to the $100 million income tax impact estimated in fiscal 2018.

Income Attributable to Noncontrolling Interests

	Year Ended September 30,				
(in millions)	**2020**	**Change**	**2019**	**Change**	**2018**
Income attributable to noncontrolling interests	$ 61	-27%	$ 83	-1%	$ 84

The decrease in income attributable to noncontrolling interests for fiscal 2020 is primarily attributable to lower income resulting from lower volumes, as a result of the COVID-19 impact at certain Seating affiliates in varying jurisdictions during fiscal 2020 as compared to fiscal 2019. The decrease in income attributable to noncontrolling interests for fiscal 2019 is primarily attributable to higher levels of spending at Adient Aerospace, partially offset by higher income at certain other affiliates.

Net Income (Loss) Attributable to Adient

	Year Ended September 30,				
(in millions)	**2020**	**Change**	**2019**	**Change**	**2018**
Net income (loss) attributable to Adient	$ (547)	-11%	$ (491)	71%	$ (1,685)

Net loss attributable to Adient was $547 million for fiscal 2020, compared to a loss of $491 million for fiscal 2019. The increased net loss attributable to Adient is primarily due to the impact of having significantly lower volumes due to COVID-19 along with a one-time non-cash impairment charge of $231 million on Adient's YFAI investment, a $25 million loss on the sale of the RECARO business and deconsolidation of Adient Aerospace, higher restructuring costs, and overall higher net financing costs, partially offset by operating improvements and lower administrative costs and one-time charges in the prior year related to impairment in the seat structures and mechanism business of $66 million and income tax charges to establish valuation allowances of $297 million.

Net loss attributable to Adient was $491 million for fiscal 2019, compared to a loss of $1,685 million in fiscal 2018. The decrease in net loss is primarily attributable to $881 million of net-of-tax impairment charges related to the seat structure and mechanism operations recorded in fiscal 2018 ($602 million related to long-lived assets and $279 million related to goodwill), $330 million net-of-tax charges related to YFAI ($322 million impairment of the YFAI investment and $8 million related to U.S. tax reform legislation) recorded in fiscal 2018, lower levels of income tax expense to establish valuation allowances in fiscal 2019 as compared to fiscal 2018, and the $210 million charge in fiscal 2018 for the U.S. tax reform legislation, partially offset by the unfavorable impact of pension mark-to-market (a $49 million charge in fiscal 2019 compared to a $24 million benefit in fiscal 2018) and the unfavorable impact of foreign currency ($40 million).

Comprehensive Income Attributable to Adient

	Year Ended September 30,				
(in millions)	**2020**	**Change**	**2019**	**Change**	**2018**
Comprehensive income (loss) attributable to Adient	$ (643)	-22%	$ (529)	71%	$ (1,819)

Comprehensive loss attributable to Adient was $643 million for fiscal 2020 compared to comprehensive loss attributable to Adient for fiscal 2019 of $529 million. This increased level of comprehensive loss attributable to Adient in fiscal 2020 is primarily due to the unfavorable impact of higher levels of net loss ($56 million), the unfavorable impact in foreign currency transaction adjustments resulting from overall weakening of emerging market currencies, partially offset by the strengthening of the Chinese yuan ($34 million), and the unfavorable impact in realized and unrealized losses on derivatives ($19 million), partially offset by the decrease in comprehensive income attributable to noncontrolling interests ($15 million).

Comprehensive loss attributable to Adient was $529 million for fiscal 2019 compared to comprehensive loss attributable to Adient for fiscal 2018 of $1,819 million. This decrease was primarily due to lower net loss attributable to Adient ($1,194 million) and the favorable impact of foreign currency ($82 million). The year-over-year favorable foreign currency impact was primarily driven by the strengthening of the U.S. dollar against the Indian rupee, Turkish lira and Brazilian real, partially offset by the strengthening of the Mexican peso against the U.S. dollar.

Segment Analysis

Adient manages its business on a geographic basis and operates in the following three reportable segments for financial reporting purposes: 1) Americas, which is inclusive of North America and South America; 2) Europe, Middle East, and Africa ("EMEA") and 3) Asia Pacific/China ("Asia").

Adient evaluates the performance of its reportable segments using an adjusted EBITDA metric defined as income before income taxes and noncontrolling interests, excluding net financing charges, restructuring and impairment costs, restructuring related-costs, net mark-to-market adjustments on pension and postretirement plans, transaction gains/losses, purchase accounting amortization, depreciation, stock-based compensation and other non-recurring items ("Adjusted EBITDA"). Also, certain corporate-related costs are not allocated to the segments. The reportable segments are consistent with how management views the markets served by Adient and reflect the financial information that is reviewed by its chief operating decision maker.

	Year Ended September 30,		
(in millions)	**2020**	**2019**	**2018**
Net Sales			
Americas	$ 5,889	$ 7,785	$ 7,664
EMEA	5,148	6,675	7,436
Asia	1,822	2,337	2,659
Eliminations	(189)	(271)	(320)
Total net sales	$ 12,670	$ 16,526	$ 17,439

(in millions)	Year Ended September 30, 2020	2019	2018
Adjusted EBITDA			
Americas	$ 228	$ 210	$ 302
EMEA	101	161	364
Asia	424	513	625
Corporate-related costs (1)	(80)	(97)	(95)
Becoming Adient costs (2)	—	—	(62)
Restructuring and impairment costs (3)	(238)	(176)	(1,181)
Purchase accounting amortization (4)	(40)	(44)	(69)
Restructuring related charges (5)	(20)	(31)	(61)
Loss on business divestitures - net (6)	(13)	—	—
Impairment of nonconsolidated partially owned affiliate (7)	(231)	—	(358)
Depreciation (8)	(295)	(278)	(393)
Stock based compensation (9)	(15)	(20)	(37)
Other items (10)	(16)	(9)	(55)
Earnings (loss) before interest and income taxes	(195)	229	(1,020)
Net financing charges	(220)	(182)	(144)
Other pension income (expense)	(14)	(45)	43
Income (loss) before income taxes	$ (429)	$ 2	$ (1,121)

Notes:

(1) Corporate-related costs not allocated to the segments include executive office, communications, corporate development, legal and corporate finance.

(2) Reflects incremental expenses associated with becoming an independent company.

(3) Reflects restructuring charges for costs that are directly attributable to restructuring activities and meet the definition of restructuring under ASC 420 and non-recurring impairment charges. Included in restructuring charges in fiscal 2020 is a non-cash pre-tax impairment related to China intangible assets of $24 million, held for sale asset impairments of $21 million, and $8 million of other long-lived asset impairments. Included in restructuring charges in fiscal 2019 is a $66 million non-cash pre-tax impairment charge related to long-lived assets ($11 million in the Americas and $55 million in EMEA) and an $18 million non-cash impairment charge related to assets held for sale ($6 million in the Americas and $12 million in Asia). Included in restructuring charges in fiscal 2018 is a non-cash pre-tax impairment charge of $1,086 million in the seat structure and mechanism operations ($787 million related to long-lived assets and $299 million related to goodwill), and a $49 million non-cash impairment charge related to assets held for sale. Refer to Note 5, "Property, Plant and Equipment," Note 6, "Goodwill and Other Intangible Assets," Note 15, "Restructuring and Impairment Costs," and Note 16, "Impairment of Long-Lived Assets," of the notes to the consolidated financial statements for more information.

(4) Reflects amortization of intangible assets including those related to partially owned affiliates recorded within equity income.

(5) Reflects restructuring related charges for costs that are directly attributable to restructuring activities, but do not meet the definition of restructuring under ASC 420 along with restructuring costs at partially owned affiliates recorded within equity income.

(6) Reflects $21 million loss of sale of RECARO and $4 million loss on deconsolidation of Aerospace, partially offset by a $12 million gain on completion of the Yanfeng transaction.

(7) Reflects non-cash impairment charges related to Adient's YFAI investment balance, which has been recorded within the equity income line in the consolidated statements of income. The fiscal 2020 impairment was recorded in conjunction with the Yanfeng transaction.

(8) For the year ended September 30, 2018, depreciation excludes $7 million, which is included in restructuring related charges discussed above.

(9) For the year ended September 30, 2018, stock based compensation excludes $10 million which is included in Becoming Adient costs discussed above.

(10) The year ended September 30, 2020 primarily includes $15 million of transaction costs and $1 million of tax adjustments at YFAI. The year ended September 30, 2019 primarily includes $4 million of integration costs associated with the acquisition of Futuris, $3 million of transaction costs and $2 million of tax adjustments at YFAI. The year ended September 30, 2018 primarily includes $22 million of integration costs associated with the acquisition of Futuris, $11 million of non-recurring consulting fees related to the seat structure and mechanism operations, an $8 million charge related to the impact of the U.S. tax reform at YFAI and $8 million of prior period adjustments.

Americas

	Year Ended September 30,				
(in millions)	**2020**	**Change**	**2019**	**Change**	**2018**
Net sales	$ 5,889	-24%	$ 7,785	2%	$ 7,664
Adjusted EBITDA	$ 228	9%	$ 210	-30%	$ 302

Net sales decreased during fiscal 2020 by $1,896 million due to lower production volumes ($1,787 million) resulting primarily from the operational shutdowns during fiscal 2020 as a result of the COVID-19 pandemic as well as $55 million attributable to the GM labor strike during the first quarter of fiscal 2020 and the impact of Adient specific launches, along with the unfavorable impact of foreign currency ($75 million), the unfavorable impact of material economics ($21 million), and the unfavorable impact of the RECARO divestiture ($39 million), partially offset by the favorable impact of commercial settlements and net pricing adjustments ($26 million).

Adjusted EBITDA increased during fiscal 2020 by $18 million due to the impact of operational performance improvements ($104 million), lower administrative and engineering expense ($100 million) including lower levels of certain compensation and discretionary spending which are not expected to recur as part of the annual run rate, the favorable impact of Adient Aerospace deconsolidation and RECARO divestiture ($25 million), the favorable impact of commercial settlements and net pricing adjustments ($55 million) and favorable material economics, net of recoveries ($15 million), partially offset by lower production volumes ($274 million), lower equity income ($2 million), and the unfavorable impact of foreign currency ($5 million).

Net sales increased during fiscal 2019 by $121 million due to higher production volumes primarily in the U.S. and Mexico ($163 million) and net favorable pricing ($7 million), partially offset by the unfavorable impact of foreign currency ($49 million).

Adjusted EBITDA decreased during fiscal 2019 by $92 million due to higher administrative and engineering expenses primarily due to higher levels of spending at Adient Aerospace and to reestablishing certain discretionary spending, including incentive compensation ($48 million), increased freight (resulting from higher rates; despite lower premium freight) and operational performance issues ($30 million), unfavorable product mix ($19 million) and the unfavorable impact of net material and pricing adjustments ($3 million), partially offset by favorable material economics, net of recoveries ($8 million).

EMEA

	Year Ended September 30,				
(in millions)	**2020**	**Change**	**2019**	**Change**	**2018**
Net sales	$ 5,148	-23%	$ 6,675	-10%	$ 7,436
Adjusted EBITDA	$ 101	-37%	$ 161	-56%	$ 364

Net sales decreased during fiscal 2020 by $1,527 million due to lower production volumes ($1,353 million) resulting primarily from the operational shutdowns during fiscal 2020 as a result of the COVID-19 pandemic along with the unfavorable impact of foreign currency ($137 million), the unfavorable impact of the RECARO divestiture ($39 million) and the unfavorable impact of material economics ($14 million), partially offset by favorable commercial settlements and net pricing adjustments ($16 million).

Adjusted EBITDA decreased during fiscal 2020 by $60 million due to lower volumes ($243 million), the unfavorable impact of foreign currency ($12 million), unfavorable material economics, net of recovery ($10 million), and lower equity income ($3 million), partially offset by operational performance improvements ($91 million), lower administrative and engineering expense ($56 million) including lower levels of certain compensation and discretionary spending which are not expected to recur as part of the annual run rate, favorable net material and pricing adjustments ($57 million), and the favorable impact of divestitures primarily related to RECARO ($4 million).

Net sales decreased during fiscal 2019 by $761 million due to the unfavorable impact of foreign currency ($425 million), lower production volumes in all significant countries within EMEA ($314 million) and unfavorable net pricing, including material economics recoveries ($22 million).

Adjusted EBITDA decreased during fiscal 2019 by $203 million due to increased freight (resulting from higher rates; despite lower premium freight) and operational performance issues ($120 million), lower volumes and product mix ($45 million), the unfavorable impact of foreign currency ($30 million) and higher administrative and engineering expenses primarily due to reestablishing certain discretionary spending, primarily incentive compensation, in the current year ($10 million), partially offset by favorable material economics, net of recoveries ($1 million) and higher equity income ($1 million).

Asia

(in millions)			Year Ended September 30,		
	2020	Change	2019	Change	2018
Net sales	$ 1,822	-22%	$ 2,337	-12%	$ 2,659
Adjusted EBITDA	$ 424	-17%	$ 513	-18%	$ 625

Net sales decreased during the fiscal 2020 by $515 million due to lower production volumes ($474 million) primarily resulting from the operational shutdowns in China and in other Asia countries as a result of the COVID-19 pandemic, the unfavorable impact of the RECARO divestiture ($37 million), the unfavorable impact of foreign currency ($13 million), and the unfavorable impact of material economics ($3 million), partially offset by the favorable impact of commercial settlements and net pricing adjustments ($12 million).

Adjusted EBITDA decreased during fiscal 2020 by $89 million due to the impact of lower production volumes ($73 million), the unfavorable impact of the planned YFAI divestiture ($26 million), unfavorable material economics, net of recoveries ($3 million), the unfavorable impact of foreign currency ($12 million), the unfavorable impact of the RECARO divestiture ($9 million), and higher administrative and engineering costs ($2 million), partially offset by operational performance improvements ($8 million), higher equity income from China seating affiliates that included $10 million of benefits from tax credits at various China affiliates that are not expected to recur ($16 million), and favorable net material and pricing adjustments ($12 million).

Net sales decreased during fiscal 2019 by $322 million due to lower production volumes ($262 million) across the region, the unfavorable impact of foreign currency ($53 million) and unfavorable net pricing adjustments, including material economic recoveries ($7 million).

Adjusted EBITDA decreased during fiscal 2019 by $112 million due to lower equity income caused primarily by the slowdown in Chinese auto production ($77 million), lower volumes and product mix ($36 million), the unfavorable impact of foreign currency ($16 million) and operational performance issues ($16 million), partially offset by the favorable impact of net materials and pricing adjustments ($22 million), lower administration and engineering costs ($10 million), and favorable material economics, net of recoveries ($1 million).

Liquidity and Capital Resources

Adient's primary liquidity needs are to fund general business requirements, including working capital, capital expenditures, restructuring costs and debt service requirements. Adient's principal sources of liquidity are cash flows from operating activities, the revolving credit facility and other debt issuances, and existing cash balances. Adient actively manages its working capital and associated cash requirements and continually seeks more effective uses of cash. Working capital is highly influenced by the timing of cash flows associated with sales and purchases, and therefore can be difficult to manage at times.

See below and refer to Note 9, "Debt and Financing Arrangements," of the notes to consolidated financial statements for discussion of financing arrangements. Following the first quarter of fiscal 2019 dividend payout, Adient has suspended future dividends.

Indebtedness

Adient US LLC ("Adient US"), a wholly owned subsidiary of Adient, together with certain of Adient's other subsidiaries, maintains an asset-based revolving credit facility (the “ABL Credit Facility”), which provides for a revolving line of credit up to $1,250 million, including a North American subfacility of up to $950 million and a European subfacility of up to $300 million, subject to borrowing base capacity. The ABL Credit Facility will mature on May 6, 2024, subject to a springing maturity date 91 days earlier if certain amounts remain outstanding at that time under the Term Loan B Agreement (defined below). Interest is payable on the ABL Credit Facility at a fluctuating rate of interest determined by reference to the Eurodollar rate plus an applicable margin of 1.50% to 2.00%. Adient will pay a commitment fee of 0.25% to 0.375% on the unused portion of the commitments under the asset-based revolving credit facility based on average global availability. Letters of credit are limited to the lesser of (x) $150 million and (y) the aggregate unused amount of commitments under the ABL Credit Facility then in effect. Subject to certain conditions, the ABL Credit Facility may be expanded by up to $250 million in additional commitments. Loans under the ABL Credit Facility may be denominated, at the option of Adient, in U.S. dollars, Euros, Pounds Sterling or Swedish Kroner. The ABL Credit Agreement is secured on a first-priority lien on all accounts receivable, inventory and bank accounts (and funds on deposit therein) and a second-priority lien on all of the tangible and intangible assets of certain Adient subsidiaries. As of September 30, 2020, Adient had not drawn down on the ABL Credit Facility and had availability under this facility of $787 million (net of $138 million of letters of credit).

In addition, Adient US and Adient Global Holdings S.à r.l., a wholly-owned subsidiary of Adient, maintain a term loan credit agreement (the “Term Loan B Agreement”) providing for a 5-year $800 million senior secured term loan facility that was fully drawn on closing. The Term Loan B Agreement amortizes in equal quarterly installments at a rate of 1.00% per annum of the original principal amount thereof, with the remaining balance due at final maturity on May 6, 2024. Interest on the Term Loan B Agreement accrues at the Eurodollar rate plus an applicable margin equal to 4.25% (with one 0.25% step down based on achievement of a specific secured net leverage level starting with the fiscal quarter ending December 31, 2019). The Term Loan B Agreement also permits Adient to incur incremental term loans in an aggregate amount not to exceed the greater of $750 million and an unlimited amount subject to a pro forma first lien secured net leverage ratio of not greater than 1.75 to 1.00 and certain other conditions.

Adient US is also a party to an indenture relating to the issuance of $800 million aggregate principal amount of Senior First Lien Notes. The notes mature on May 15, 2026 and bear interest at a rate of 7.00% per annum. Interest on these notes is payable semi-annually in arrears on November 15 and May 15 of each year, commencing on November 15, 2019.

The ABL Credit Facility, Term Loan B Agreement and the Senior First Lien Notes due 2026 contain covenants that are usual and customary for facilities and debt instruments of this type and that, among other things, restrict the ability of Adient and its restricted subsidiaries to: create certain liens and enter into sale and lease-back transactions; create, assume, incur or guarantee certain indebtedness; pay dividends or make other distributions on, or repurchase or redeem, Adient’s capital stock or certain other debt; make other restricted payments; and consolidate or merge with, or convey, transfer or lease all or substantially all of Adient’s and its restricted subsidiaries’ assets, to another person. These covenants are subject to a number of other limitations and exceptions set forth in the agreements. The agreements also provide for customary events of default, including, but not limited to, cross-default clauses with other debt arrangements, failure to pay principal and interest, failure to comply with covenants, agreements or conditions, and certain events of bankruptcy or insolvency involving Adient and its significant subsidiaries.

Adient Global Holdings Ltd. (“AGH”), a wholly-owned subsidiary of Adient maintains $900 million aggregate principal amount of 4.875% USD-denominated unsecured notes due 2026. During the fourth quarter of fiscal 2020, Adient redeemed $103 million of face value of these notes at face value, resulting in a remaining balance of $797 million as of September 30, 2020. Adient recorded a gain of $3 million associated with this partial redemption. AGH also maintains €1.0 billion aggregate principal amount of 3.50% unsecured notes due 2024.

Adient Germany Ltd. & Co. KG, a wholly owned subsidiary of Adient, maintains €165 million in an unsecured term loan from the European Investment Bank (“EIB”) due in 2022. The loan bears interest at the 6-month EURIBOR rate plus 158 basis points. Adient amended the EIB loan agreement as of June 30, 2020 to increase the net leverage ratio to 6.75x from 5.25x at June 30, 2020. The net leverage ratio requirements of 5.25x at September 30, 2020 and future step downs to 4.50x by the second quarter of fiscal 2021 were not adjusted. Adient is compliant with the net leverage ratio at September 30, 2020. However, due to the rise in COVID-19 infections across Europe and the Americas and the potential disruption to vehicle production that might occur at its customers, there is uncertainty whether compliance with this net leverage ratio over the next 12 months is achievable, which could require Adient to either obtain another amendment or waiver or to pay down the EIB loan. As a result, Adient has classified this debt as short term debt at September 30, 2020.

On April 20, 2020, Adient US offered $600 million (net proceeds of $591 million) aggregate principal amount of 9.00% Senior First Lien Notes due 2025. These notes will mature on April 15, 2025, provided that if Adient Global Holdings Ltd ("AGH") has not refinanced (or otherwise redeemed) in whole its outstanding 3.50% unsecured notes due 2024 or any refinancing indebtedness thereof that matures earlier than 91 days prior to the maturity date of the Senior First Lien Notes due 2025 on or prior to May 15, 2024, these notes will mature on May 15, 2024. Interest on these notes will be paid on April 15 and October 15 each year, beginning on October 15, 2020. These notes contain covenants that are usual and customary, similar to the covenants on the Senior First Lien Notes due 2026 as described above. Adient incurred $10 million of debt issuance cost associated with this new debt in fiscal 2020.

Sources of Cash Flows

	Year Ended September 30,		
(in millions)	**2020**	**2019**	**2018**
Cash provided (used) by operating activities	$ 246	$ 308	$ 679
Cash provided (used) by investing activities	166	(383)	(487)
Cash provided (used) by financing activities	393	303	(213)
Capital expenditures	(326)	(468)	(536)

Cash flows from operating activities

Fiscal 2020 compared to Fiscal 2019: The decrease in operating cash flows is due primarily to lower levels of operating profits, partially offset by lower levels of trade working capital, specifically lower levels of accounts receivable, inventory and accounts payable. See the working capital section below for further information on changes in working capital.

Fiscal 2019 compared to Fiscal 2018: The decrease in operating cash flows is due primarily to lower levels of operating profits and overall higher levels of working capital, specifically lower levels of accounts payable partially offset by higher levels of accrued incentive compensation and lower levels of accounts receivables. See the working capital section below for further information on changes in working capital.

Cash flows from investing activities

Fiscal 2020 compared to Fiscal 2019: The increase in cash provided by investing activities is primarily due to lower levels of capital expenditures in the current year as well as $329 million of proceeds from the Yanfeng transaction and $170 million of net proceeds from the sale of the fabrics business, partially offset by lower proceeds from the sale of assets as compared to the prior year and a $37 million cash outflow as a result of the deconsolidation of the Adient Aerospace joint venture.

Fiscal 2019 compared to Fiscal 2018: The decrease in cash used by investing activities is primarily due to lower levels of capital expenditures in the current year, higher proceeds from sales of assets including the Detroit, Michigan properties and remaining airplane for approximately $35 million and proceeds in fiscal 2019 from the settlement of a cross-currency interest rate swap.

Cash flows from financing activities

Fiscal 2020 compared to Fiscal 2019: The increase in cash from financing activities is primarily attributable to the issuance of $600 million of debt in fiscal 2020 along with lower repayments of long-term debt.

Fiscal 2019 compared to Fiscal 2018: The increase in cash from financing activities is primarily attributable to the new debt arrangement entered into during fiscal 2019, higher levels of dividends paid in the prior year and the current year contribution of $28 million by Adient's JV partner as part of the formation of a consolidated joint venture.

Capital expenditures

Fiscal 2020 compared to Fiscal 2019: The decrease in capital expenditures was primarily related to decreased year over year spending based on timing of program spend on product launches and tightening controls around overall spending.

Fiscal 2019 compared to Fiscal 2018: Capital expenditures decreased year over year based on timing of program spend on product launches and tightening controls around overall spending.

Working capital

(in millions)	September 30, 2020	September 30, 2019
Current assets	$ 4,482	$ 4,116
Current liabilities	3,819	3,835
Working capital	$ 663	$ 281

The increase in working capital of $382 million is primarily attributable to higher levels of cash on hand, partially offset by lower levels of trade working capital accounts including lower levels of accounts receivable, inventory and accounts payable. Adient also maintains a higher level of accrued restructuring and current lease liabilities at September 30, 2020 offsetting the impact to working capital of higher levels of cash on hand.

Off-Balance Sheet Arrangements

Adient enters into supply chain financing programs in certain foreign jurisdictions to sell accounts receivable without recourse to third-party financial institutions. Sales of accounts receivable are reflected as a reduction of accounts receivable on the consolidated statements of financial position and the proceeds are included in cash flows from operating activities in the consolidated statements of cash flows. As of September 30, 2020, $168 million has been funded under these programs.

Contractual Obligations

A summary of Adient's significant contractual obligations as of September 30, 2020:

(in millions)	Total	2021	2022-2023	2024-2025	Beyond 2026
Long-term debt	$ 4,160	$ 8	$ 16	$ 2,539	$ 1,597
Interest on long-term debt	1,142	225	449	373	95
Operating leases	408	112	147	84	65
Purchase obligations	211	211	—	—	—
Pension contributions	137	17	21	23	76
Total contractual cash obligations	$ 6,058	$ 573	$ 633	$ 3,019	$ 1,833

Quarterly Financial Information (unaudited)

The following tables present Adient's unaudited quarterly results of operations for each of the eight fiscal quarters in the period ended September 30, 2020. The following tables should be read in conjunction with Adient's audited consolidated financial statements and related notes appearing elsewhere in this Annual Report on Form 10-K. Adient has prepared the information below on a basis consistent with its audited consolidated financial statements and has included all adjustments, consisting of normal recurring adjustments, which, in the opinion of Adient's management, are necessary to fairly state its operating results for the quarters presented. Adient's historical unaudited quarterly results of operations are not necessarily indicative of results for any future quarter or for a full year. In particular, the third quarter of fiscal 2020 was significantly impacted by the COVID-19 pandemic. See the Recent Developments Regarding COVID-19 section within Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for more information on the impact of COVID-19.

	Fiscal 2020			
Statement of Operations (dollars in millions)	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
Net sales	$ 3,936	$ 3,511	$ 1,626	$ 3,597
Cost of sales	3,673	3,274	1,779	3,352
Net income (loss)	(142)	2	(331)	(15)
Income attributable to noncontrolling interests	25	21	(6)	21
Net income (loss) attributable to Adient	(167)	(19)	(325)	(36)
Earnings per share [1]				
Basic	$ (1.78)	$ (0.20)	$ (3.46)	$ (0.38)
Diluted	$ (1.78)	$ (0.20)	$ (3.46)	$ (0.38)

	Fiscal 2019			
Statement of Operations (dollars in millions)	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**
Net sales	$ 4,158	$ 4,228	$ 4,219	$ 3,921
Cost of sales	3,978	4,031	4,008	3,708
Net income (loss)	11	(126)	(308)	15
Income attributable to noncontrolling interests	28	23	13	19
Net income (loss) attributable to Adient	(17)	(149)	(321)	(4)
Earnings per share [1]				
Basic	$ (0.18)	$ (1.59)	$ (3.43)	$ (0.04)
Diluted	$ (0.18)	$ (1.59)	$ (3.43)	$ (0.04)

[1] Basic and diluted earnings per share are computed independently for each of the quarters presented. Therefore, the sum of quarterly basic and diluted per share information may not equal annual basic and diluted earnings per share.

Effects of Inflation and Changing Prices

The effects of inflation have not been significant to Adient's results of operations in recent years.

Critical Accounting Estimates and Policies

Adient prepares its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). This requires management to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates. The following policies are considered by management to be the most critical in understanding the judgments that are involved in the preparation of Adient's consolidated financial statements and the uncertainties that could impact results of operations, financial position and cash flows.

Revenue Recognition

Adient records revenue when persuasive evidence of an arrangement exists, delivery occurs or services are rendered, the sales price or fee is fixed or determinable and collectability is reasonably assured. Adient delivers products and records revenue pursuant to commercial agreements with its customers generally in the form of an approved purchase order, including the effects of contractual customer price productivity. Adient does negotiate discrete price changes with its customers, which are generally the result of unique commercial issues between Adient and its customers. Adient records amounts associated with discrete price changes as a reduction to revenue when specific facts and circumstances indicate that a price reduction is probable and the amounts are reasonably estimable. Adient records amounts associated with discrete price changes as an increase to revenue upon execution of a legally enforceable contractual agreement and when collectability is reasonably assured. Refer to Note 1, "Basis of Presentation and Summary of Significant Accounting Policies," and Note 2, "Revenue Recognition," of the notes to the consolidated financial statements for more information regarding Adient's adoption of ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)."

Impairment of Goodwill, Other Long-lived Assets and Investments in Partially Owned Affiliates

Goodwill reflects the cost of an acquisition in excess of the fair values assigned to identifiable net assets acquired. Adient reviews goodwill for impairment during the fourth fiscal quarter or more frequently if events or changes in circumstances indicate the asset might be impaired. Adient performs impairment reviews for its reporting units, which have been determined to be Adient's reportable segments, using a fair value method based on management's judgments and assumptions or third-party valuations. The fair value of a reporting unit refers to the price that would be received to sell the unit as a whole in an orderly transaction between market participants at the measurement date. In estimating the fair value, Adient uses the income approach in which discounted cash flow analyses are used to derive estimates of fair value of each reporting unit. Multiples of earnings based on the average of historical, published multiples of earnings of comparable entities with similar operations and economic characteristics are also used in developing estimated fair values. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement." These calculations contain uncertainties as they require management to make assumptions about market comparables, future cash flows and appropriate discount rates (based on weighted average cost of capital ranging from 16.0% – 18.5% at September 30, 2020) to reflect the risk inherent in the future cash flows and to derive a reasonable enterprise value and related premium. The estimated future cash flows reflect management's latest assumptions of the financial projections based on current and anticipated competitive landscape, including estimates of revenue based on production volumes over the foreseeable future and long-term growth rates, and operating margins based on historical trends and future cost containment activities. A change in any of these estimates and assumptions could produce a different fair value, which could have a material impact on the results of the goodwill impairment test and on Adient's results of operations. The estimated fair value is then compared with the carrying amount of the reporting unit, including recorded goodwill. Adient is subject to financial statement risk to the extent that the carrying amount exceeds the estimated fair value.

As of September 30, 2020, the fair value of each reporting unit exceeded 20% of its respective carrying value. To the extent discount rates increase, long-term growth rates are not achieved and/or actual cash flows in the future are lower than the forecasted cash flows, the goodwill allocated to the reporting units could be determined to be impaired which could have a material impact on Adient’s results of operations. Due to the COVID-19 pandemic and the significant interruption it has caused to Adient’s operations, Adient tested goodwill for impairment for each of its reporting units for the quarter ended March 31, 2020 and also performed its annual goodwill test during the fourth quarter of fiscal 2020 using a fair value method based on management's judgments and assumptions regarding future cash flows. The fair value of a reporting unit refers to the price that would be received to sell the unit as a whole in an orderly transaction between market participants at the measurement date. Adient estimated the fair value of each of its reporting units using an income approach, which utilized Level 3 unobservable inputs. These calculations contain uncertainties as they require management to make assumptions about market comparables, future cash flows, and the appropriate discount rates (based on weighted average cost of capital ranging from 15.0% to 17.5% as of March 31, 2020 and 16.0% to 18.5% as of September 30, 2020) to reflect the risk inherent in the future cash flows and to derive a reasonable enterprise value and related premium. The estimated future cash flows reflect management's latest assumptions of the financial projections based on current and anticipated competitive landscape, including estimates of revenue based on production volumes over the foreseeable future and long-term growth rates, and operating margins based on historical trends and future cost containment activities. The financial projections also considered the impact that COVID-19 is having on Adient's current and future operations as well as the impact to new vehicle sales in future years. As a result of the tests, there was no goodwill impairment recorded during the quarter ended March 31, 2020 or during the fourth quarter of fiscal 2020. Refer to Note 6, "Goodwill and Other Intangible Assets," of the notes to the consolidated financial statements for additional information.

Adient reviews long-lived assets, including property, plant and equipment and other intangible assets with definite lives, for impairment whenever events or changes in circumstances indicate that the asset's carrying amount may not be recoverable. Adient conducts its long-lived asset impairment analyses in accordance with ASC 360-10-15, "Impairment or Disposal of Long-Lived Assets." ASC 360-10-15 requires Adient to group assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and evaluate the asset group against the sum of the undiscounted future cash flows. If the undiscounted cash flows do not indicate the carrying amount of the asset is recoverable, an impairment charge is measured as the amount by which the carrying amount of the asset group exceeds its fair value based on discounted cash flow analysis or appraisals. Intangible assets with definite lives continue to be amortized over their estimated useful lives and are subject to impairment testing as part of their asset group if events or changes in circumstances indicate that the asset might be impaired. A considerable amount of management judgment and assumptions are required in performing the impairment tests. During the fourth quarter of fiscal 2020, Adient concluded it had a triggering event requiring assessment of an impairment within a separate China entity and as a result recorded a $5 million pre-tax non-cash impairment in the Asia segment related to long-lived assets due to an overall decline in the forecasted operations within that business. During the third quarter of fiscal 2020, Adient concluded it had a triggering event requiring assessment of impairment within the Futuris China business and as a result recorded a pre-tax non-cash impairment of $27 million in the Asia segment, which consisted of customer relationship intangible assets of $24 million and other long-lived assets of $3 million, due to an overall decline in forecasted operations within that business. In the second quarter of fiscal 2019, Adient concluded it had triggering events requiring assessment of impairment of long-lived assets in the seat structure and mechanism operations. As a result, Adient reviewed the long-lived assets for impairment and recorded a $66 million impairment charge within restructuring and impairment costs on the consolidated statements of income (loss). The impairment charge related to long-lived assets in North America and Europe asset groups as of March 31, 2019 in support of current programs. No other long-lived asset impairments were identified in fiscal 2019. In fiscal 2018, Adient concluded it had triggering events requiring assessment of impairment of long-lived assets in the seat structure and mechanism operations. As a result, Adient reviewed the long-lived assets for impairment and recorded a $787 million impairment charge within restructuring and impairment costs on the consolidated statements of income (loss). The impairment charge related to long-lived assets in North America and Europe asset groups as of September 30, 2018 in support of current programs. These impairments were measured, depending on the asset, either under an income approach utilizing forecasted discounted cash flows or a market approach utilizing appraisal techniques to determine fair values of the impaired assets. These methods are consistent with the methods Adient employed in prior periods to value other long-lived assets. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement" and primarily consist of expected future operating margins and cash flows, estimated production volumes, weighted average cost of capital rates (13.0%), estimated salable values and third-party appraisal techniques such as market comparables. To the extent that profitability on current or future programs decline as compared to forecasted profitability or if adverse changes occur to key assumptions or other fair value measurement inputs, further impairment of long-lived assets could occur in the future. Refer to Note 16, "Impairment of Long-Lived Assets," of the notes to the consolidated financial statements for additional information.

Adient monitors its investments in partially-owned affiliates for indicators of other-than-temporary declines in value on an ongoing basis. If Adient determines that an other-than-temporary decline in value has occurred, it recognizes an impairment loss, which is measured as the difference between the recorded book value and the fair value of the investment. Fair value is generally determined using an income approach based on discounted cash flows or negotiated transaction values. During fiscal 2020, Adient entered into an agreement to, among other things, transfer all of the issued and outstanding equity interest in YFAI held, directly or indirectly, by Adient, which represented 30% of YFAI's total issued and outstanding equity interest, to Yanfeng Automotive Trim Systems Company Ltd. for $369 million, of which $309 million was paid at closing and $60 million is to be paid on a deferred basis. This transaction closed during the fourth quarter of fiscal 2020. Adient concluded that indicators of other-than-temporary impairment were present in certain quarters during fiscal 2020 related to the investment in YFAI and recorded a total of $231 million non-cash impairment of Adient's YFAI investment within equity income. The impairments were determined based on combining the fair value of consideration received for all transactions contemplated within the Master Agreement, including an estimated fair value of the YFAS joint venture extension, and allocating the total consideration received to the individual transactions based on relative fair values. Adient estimated the fair value of the individual transactions using both an income approach and market approach. The inputs utilized in the fair value analyses of the transactions are classified as level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement" and primarily consisted of expected future operating margins and cash flows of YFAI, estimated production volumes, estimated dividend payments from YFAS over the extension period, estimated terminal values of YFAS, market comparables, weighted-average costs of capital (YFAI - 15.0%, YFAS - 10.5%), and noncontrolling interest discounts. During fiscal 2018, Adient concluded it had an other-than-temporary decline in value related to its investment in YFAI and recorded a $358 million impairment charge. The impairment was measured under an income approach utilizing discounted cash flows to derive a fair value of Adient's investment in YFAI. Based on the fair value, the carrying value of the investment in YFAI exceeded fair value by $358 million, and as such Adient recorded a non-cash impairment charge within equity income in the consolidated statements of income (loss) for that amount in the fourth quarter of 2018. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement" and primarily consist of expected future operating margins and cash flows of YFAI, estimated production volumes, weighted average cost of capital (12.5%) and noncontrolling interest discounts. Refer to Note 3, "Acquisitions and Divestitures," and Note 19, "Nonconsolidated Partially-Owned Affiliates," of the notes to the consolidated financial statements for additional information.

Employee Benefit Plans

Adient provides a range of pension benefits to its employees and retired employees. These benefits are Adient's direct obligation and have been recorded within Adient's consolidated financial statements. Plan assets and obligations are measured annually, or more frequently if there is a remeasurement event, based on Adient's measurement date utilizing various actuarial assumptions such as discount rates, assumed rates of return, compensation increases, turnover rates and health care cost trend rates as of that date. Adient reviews its actuarial assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when appropriate.

Adient utilizes a mark-to-market approach for recognizing pension benefit expenses, including measuring the market related value of plan assets at fair value and recognizing actuarial gains and losses in the fourth quarter of each fiscal year or at the date of a remeasurement event.

U.S. GAAP requires that companies recognize in the statement of financial position a liability for defined benefit pension and postretirement plans that are underfunded or unfunded, or an asset for defined benefit pension and postretirement plans that are overfunded. U.S. GAAP also requires that companies measure the benefit obligations and fair value of plan assets that determine a benefit plan's funded status as of the date of the employer's fiscal year end.

Adient considers the expected benefit payments on a plan-by-plan basis when setting assumed discount rates. As a result, Adient uses different discount rates for each plan depending on the plan jurisdiction, the demographics of participants and the expected timing of benefit payments. For the U.S. pension plans, Adient uses a discount rate provided by an independent third party calculated based on an appropriate mix of high quality bonds. For the non-U.S. pension, Adient consistently uses the relevant country specific benchmark indices for determining the various discount rates. Adient's discount rate on U.S. pension plans was 2.91% and 3.22% at September 30, 2020 and 2019, respectively. Adient's weighted average discount rate on non-U.S. plans was 1.87% and 1.85% at September 30, 2020 and 2019, respectively.

In estimating the expected return on plan assets, Adient considers the historical returns on plan assets, adjusted for forward-looking considerations, inflation assumptions and the impact of the active management of the plans' invested assets. Reflecting the relatively long-term nature of the plans' obligations, approximately 60% of the plans' assets are invested in fixed income securities and 15% in equity securities, with the remainder primarily invested in alternative investments. For fiscal years 2020 and 2019, Adient's expected long-term return on U.S. pension plan assets used to determine net periodic benefit cost was 5.00% and 5.00% respectively. The actual rate of return on U.S. pension plans was below 5.00% in fiscal 2020 and below 5.00% in fiscal 2019. For fiscal years 2020 and 2019, Adient's weighted average expected long-term return on non-U.S. pension plan assets was 4.01% and 4.08%, respectively. The actual rate of return on non-U.S. pension plans was above 4.01% in fiscal 2020 and was above 4.08% in fiscal 2019.

For fiscal 2021, Adient estimates the long-term rate of return will approximate 5.75% and 3.68% for U.S. pension and non-U.S. pension plans, respectively. Any differences between actual investment results and the expected long-term asset returns will be reflected in net periodic benefit costs in the fourth quarter of each fiscal year. If Adient's actual returns on plan assets are less than Adient's expectations, additional contributions may be required.

In fiscal 2020, total Adient contributions to the defined benefit pension plans were $19 million. Adient expects to contribute at least $17 million in cash to its defined benefit pension plans in fiscal 2021. In fiscal 2020, total Adient contributions to the postretirement plans were not significant.

Based on information provided by its independent actuaries and other relevant sources, Adient believes that the assumptions used are reasonable; however, changes in these assumptions could impact Adient's financial position, results of operations or cash flows.

Refer to Note 14, "Retirement Plans," of the notes to consolidated financial statements for more information on Adient's pension plans.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and other loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Adient records a valuation allowance that primarily represents operating and other loss carryforwards for which realization is uncertain. Management judgment is required in determining Adient's provision for income taxes, deferred tax assets and liabilities, and the valuation allowance recorded against Adient's net deferred tax assets.

Adient reviews the realizability of its deferred tax assets on a quarterly basis, or whenever events or changes in circumstances indicate that a review is required. In determining the requirement for a valuation allowance, the historical and projected financial results of the legal entity or combined group recording the net deferred tax asset are considered, along with any other positive or negative evidence. Since future financial results may differ from previous estimates, periodic adjustments to Adient's valuation allowances may be necessary.

Adient is subject to income taxes in Ireland, the U.S. and other non-U.S. jurisdictions. Judgment is required in determining its worldwide provision for income taxes and recording the related assets and liabilities. In the ordinary course of Adient's business, there are many transactions and calculations where the ultimate tax determination is uncertain. Adient's income tax returns for various fiscal years remain under audit by the respective tax authorities. Although the outcome of tax audits is always uncertain, management believes that it has appropriate support for the positions taken on its tax returns and that its annual tax provisions included amounts sufficient to pay assessments, if any, which may be proposed by the taxing authorities. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year.

Adient does not generally provide for additional income taxes which would become payable upon repatriation of undistributed earnings of wholly owned foreign subsidiaries. Adient's intent is for such earnings to be reinvested by the subsidiaries or to be repatriated only when it would be tax efficient.

On December 22, 2017, the Act was signed and enacted into law, and is effective for tax years beginning on or after January 1, 2018, with the exception of certain provisions. The Act includes a provision to tax global intangible low-taxed income ("GILTI") of foreign subsidiaries, which was effective for Adient beginning in fiscal year 2019. Adient has made a policy election to treat taxes due under the GILTI provision as a current period expense in the reporting period in which the tax is incurred.

Refer to Note 17, "Income Taxes," of the notes to consolidated financial statements for Adient's income tax disclosures.

Restructuring Costs

Adient accrues costs in connection with its restructuring actions. These accruals include estimates primarily related to employee headcount, local statutory benefits, and other employee termination costs. Actual costs may vary from these estimates. These accruals are reviewed on a quarterly basis and changes to restructuring actions are appropriately recognized when identified. Refer to Note 15, “Restructuring and Impairment Costs,” of the notes to consolidated financial statements for more information.

During fiscal 2020, Adient committed to a restructuring plan ("2020 Plan") of $205 million that was offset by $20 million of prior year underspend. Of the restructuring costs recorded, $20 million relates to the Americas segment, $175 million relates to the EMEA segment and $10 million relates to the Asia segment. The restructuring actions relate to cost reduction initiatives and consist primarily of workforce reductions. Adient currently estimates that upon completion of the restructuring actions, the fiscal 2020 restructuring plan will reduce annual operating costs by approximately $180 million, which is primarily the result of lower costs of sales and selling, general and administrative expenses due to reduced employee-related costs, of which approximately 35%-40% will result in net savings. The restructuring actions are expected to be substantially completed by fiscal 2024.

During fiscal 2019, Adient committed to a restructuring plan ("2019 Plan") of $105 million. Of the restructuring costs recorded, $81 million relates to the EMEA segment, $16 million relates to the Americas segment and $8 million relates to the Asia segment. The restructuring actions relate to cost reduction initiatives and consist primarily of workforce reductions. Also recorded in fiscal 2019 was $16 million of prior year underspend, a $9 million increase to a prior year reserve and $6 million of recoveries from a customer related to previous restructuring charges. This is the total amount expected to be incurred for this restructuring plan. The restructuring actions relate to cost reduction initiatives and consist primarily of workforce reductions. Adient currently estimates that upon completion of the restructuring actions, the fiscal 2019 restructuring plan will reduce annual operating costs by approximately $100 million, which is primarily the result of lower costs of sales and selling, general and administrative expenses due to reduced employee-related costs, of which approximately 35%-40% will result in net savings. The restructuring actions are expected to be substantially completed by fiscal 2021.

In fiscal 2018, Adient committed to a restructuring plan ("2018 Plan") of $71 million that was offset by $25 million of prior year underspend. Of the restructuring costs recorded, $52 million relates to the EMEA segment, $10 million relates to the Asia segment and $9 million relates to the Americas segment. In fiscal 2019 there was adjustment to this plan which resulted in additional $9 million of charges. This is the total amount expected to be incurred for this restructuring plan. The restructuring actions relate to cost reduction initiatives and consist primarily of workforce reductions. Adient currently estimates that upon completion of the restructuring actions, the fiscal 2018 restructuring plan will reduce annual operating costs by approximately $65 million, which is primarily the result of lower costs of sales and selling, general and administrative expenses due to reduced employee-related costs, of which approximately 55%-60% will result in net savings. Adient partially achieved these savings in fiscal years 2019 and 2020.

In fiscal 2017, Adient committed to a restructuring plan ("2017 Plan") and recorded $46 million of restructuring and impairment costs in the consolidated statements of income. Of the restructuring costs recorded, $34 million relates to the EMEA segment, $7 million relates to the Americas segment and $5 million relates to the Asia segment. This is the total amount expected to be incurred for this restructuring plan. The restructuring actions relate to cost reduction initiatives and consist primarily of workforce reductions and plant closures. Adient currently estimates that upon completion of the restructuring actions, the fiscal 2017 restructuring plan will reduce annual operating costs by approximately $40 million, which is primarily the result of lower cost of sales and selling, general and administrative expenses due to reduced employee-related costs, of which approximately 55%-60% will result in net savings. Adient partially achieved these savings in fiscal years 2017 through 2020. The restructuring actions are expected to be substantially complete in fiscal 2021.

In fiscal 2016, Adient committed to a restructuring plan ("2016 Plan") and recorded $332 million of restructuring and impairment costs in the consolidated statements of income. Of the restructuring and impairment costs recorded, $298 million related to the EMEA segment, $32 million related to the Americas segment and $2 million related to the Asia segment. This is the total amount expected to be incurred for this restructuring plan. The restructuring actions relate to cost reduction initiatives and consist primarily of workforce reductions, plant closures and asset impairments. Adient currently estimates that upon completion of the restructuring actions, the fiscal 2016 restructuring plan will reduce annual operating costs by approximately $145 million, which is primarily the result of lower cost of sales and selling, general and administrative expenses due to reduced employee-related costs and depreciation expense, of which approximately 75%-80% will result in net savings. Adient partially achieved these savings in fiscal years 2016 through 2020. The restructuring actions are expected to be substantially complete in fiscal 2021.

New Accounting Pronouncements

See Note 1, "Basis of Presentation and Summary of Significant Accounting Policies," of the notes to consolidated financial statements for a discussion of new accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate and Foreign Currency Risk Management

Adient regularly reviews its underlying foreign exchange and interest rate exposures, both on a stand-alone basis and in conjunction with applicable derivative hedge positions. Given the effective horizons of Adient's risk management activities and the anticipatory nature of the exposures, there is no assurance the "derivative hedge" positions will offset more than a portion of the financial impact resulting from movements in Adient's underlying foreign exchange or interest rate exposures. Further, the recognition of the gains and losses related to these instruments may not coincide with the timing of gains and losses related to the underlying economic exposures and, therefore, may adversely affect Adient's financial condition and operating results.

Adient selectively uses derivative instruments to reduce market risk associated with changes in foreign currency. All hedging transactions were authorized and executed pursuant to clearly defined policies and procedures, which strictly prohibit the use of financial instruments for speculative purposes. At the inception of the hedge, Adient assessed the effectiveness of the hedge instrument and designates the hedge instrument as either (1) a hedge of a recognized asset or liability or of a recognized firm commitment (a fair value hedge), (2) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to an unrecognized asset or liability (a cash flow hedge) or (3) a hedge of a net investment in a non-U.S. operation (a net investment hedge). Adient performed hedge effectiveness testing on an ongoing basis depending on the type of hedging instrument used. All other derivatives not designated as hedging instruments under ASC 815, "Derivatives and Hedging," are revalued in the consolidated statements of income.

For all foreign currency derivative instruments designated as cash flow hedges, retrospective effectiveness is tested on a monthly basis using a cumulative dollar offset test. The fair value of the hedged exposures and the fair value of the hedge instruments are revalued, and the ratio of the cumulative sum of the periodic changes in the value of the hedge instruments to the cumulative sum of the periodic changes in the value of the hedge is calculated. The hedge is deemed as highly effective if the ratio is between 80% and 125%.

For all designated net investment hedges, Adient assessed its net investment position in non-U.S. operations and compared it with the outstanding net investment hedge principal on a quarterly basis. All hedges were deemed highly effective if the aggregate outstanding principal of the hedge instrument designated as the net investment hedge in a non-U.S. operation is between 80% and 125% of its net investment position in respective non-U.S. operations.

Further details are provided in Part II, Item 8 of this Annual Report in the notes to consolidated financial statements. A discussion of Adient's accounting policies for derivative financial instruments is included in Note 1, "Basis of Presentation and Summary of Significant Accounting Policies," and further disclosure relating to derivatives and hedging activities is included in Note 10, "Derivative Instruments and Hedging Activities," and Note 11, "Fair Value Measurements," of the notes to consolidated financial statements.

Interest Rate Risk

Adient's exposure to changes in global interest rates relates primarily to Adient's investment portfolio and outstanding debt. While Adient is exposed to global interest rate fluctuations, Adient's interest income and expense are most sensitive to fluctuations in U.S. interest rates. Changes in global interest rates affect the interest earned on Adient's cash, cash equivalents and marketable securities and the fair value of those securities, as well as costs associated with hedging and interest paid on Adient's debt.

Adient purchased interest rate caps during fiscal 2019 to selectively limit the impact of USD LIBOR increases on its interest payments related to Company's Term Loan B Agreement. The interest rate caps are designated as cash flow hedges under ASC 815. As of September 30, 2020, Adient had two interest rate caps outstanding totaling approximately $200 million.

Adient's investment policy and strategy are focused on preservation of capital and supporting Adient's liquidity requirements. Adient uses a combination of internal and external management to execute its investment strategy and achieve its investment objectives. Adient typically invests in highly-rated securities, and its investment policy generally limits the amount of credit exposure to any one issuer. The policy requires investments generally to be investment grade, with the primary objective of minimizing the potential risk of principal loss.

Further details regarding Adient's debt and financing arrangements are provided in Note 9, "Debt and Financing Arrangements," of the notes to consolidated financial statements.

Foreign Currency Risk

Adient has manufacturing, sales and distribution facilities around the world and thus makes investments and enters into transactions denominated in various foreign currencies. In order to maintain strict control and achieve the benefits of Adient's global diversification, foreign exchange exposures for each currency are netted internally so that only its net foreign exchange exposures are, as appropriate, hedged with financial instruments.

On an annual basis, Adient hedges 70% to 90% of the nominal amount of each of its known foreign exchange transactional exposures. Adient primarily enters into foreign currency exchange contracts to reduce the earnings and cash flow impact of the variation of non-functional currency denominated receivables and payables. Gains and losses resulting from hedging instruments offset the foreign exchange gains or losses on the underlying assets and liabilities being hedged. The maturities of the forward exchange contracts generally coincided with the settlement dates of the related transactions. Realized and unrealized gains and losses on these contracts are recognized in the same period as gains and losses on the hedged items. During fiscal 2020, Adient had hedge contracts outstanding with the aim of hedging balance sheet items, or with the aim of hedging forecasted commitments. Foreign exchange contracts hedging balance sheet items are marked-to-market through the income statement, while foreign exchange contracts to hedge forecasted commitments are designated in a hedge relationship as a cash flow hedge. These are marked-to-market through other comprehensive income when effective.

Adient's euro-denominated bond and certain cross-currency interest rate swaps have been designated to selectively hedge portions of Adient's net investments in Europe and Japan, respectively. The currency effects of its euro-denominated bond and cross-currency interest rate swaps are reflected in the accumulated other comprehensive income account within shareholders' equity attributable to Adient where they offset gains and losses recorded on Adient's net investments in Europe and Japan.

At September 30, 2020 and 2019, Adient estimates that an unfavorable 10% change in all applicable exchange rates versus the U.S. Dollar would have decreased net unrealized gains or increased net unrealized losses by approximately $6 million and $32 million, respectively.

Commodity Risk

Adient's exposures to market risk from changes in the price of production material are managed primarily through negotiations with suppliers and customers, although there can be no assurance that Adient will recover all such costs. Adient continues to evaluate derivatives available in the marketplace and may decide to utilize derivatives in the future to manage select commodity risks if acceptable hedging instruments and counterparties are identified for its exposure level at that time, as well as the effectiveness of the financial hedge among other factors.

Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Adient plc

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial position of Adient plc and its subsidiaries (the "Company") as of September 30, 2020 and 2019, and the related consolidated statements of income (loss), of comprehensive income (loss), of shareholders' equity and of cash flows for each of the three years in the period ended September 30, 2020, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of September 30, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for leases on October 1, 2019.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that
(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Americas and EMEA Reporting Units Goodwill Impairment Assessments

As described in Notes 1 and 6 to the consolidated financial statements, the goodwill associated with the Americas and EMEA reporting units was $606 million and $368 million, respectively, as of September 30, 2020. Management reviews goodwill for impairment during the fourth fiscal quarter or more frequently if events or changes in circumstances indicate the asset might be impaired. Due to the COVID-19 pandemic and the significant interruption it has caused to the Company's operations, management tested goodwill for impairment for each of its reporting units for the quarter ended March 31, 2020. Fair value is estimated using an income approach. This method requires management to make assumptions about future cash flows, including estimates of revenue and operating margins, and the discount rates. As disclosed by management, the fair value of the Americas and EMEA reporting units exceeded 20% of its respective carrying value as of September 30, 2020.
The principal considerations for our determination that performing procedures relating to the Americas and EMEA reporting units goodwill impairment assessments is a critical audit matter are the significant judgment by management when developing the fair value measurement of the reporting units, which led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions for estimates of revenue and discount rates for the second quarter impairment assessment and revenue and operating margins, and the discount rates for the annual impairment assessment. In addition, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessments, including controls over the valuation of the Company's reporting units. These procedures also included, among others, (i) testing management's process for developing the fair value estimates, (ii) evaluating the appropriateness of the income approach, (iii) testing the completeness and accuracy of underlying data used, and (iv) evaluating the reasonableness of significant assumptions used by management related to estimates of revenue and discount rates for the second quarter impairment assessment and revenue and operating margins, and the discount rates for the annual impairment assessment. Evaluating management's assumptions related to estimates of revenue for the second quarter impairment assessment and revenue and operating margins for the annual impairment assessment involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the reporting units, (ii) the consistency with relevant industry data, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of the income approach used by the Company and the reasonableness of the discount rates.

/s/ PricewaterhouseCoopers LLP
Detroit, Michigan
November 30, 2020

We have served as the Company's auditor since 1957.

Adient plc
Consolidated Statements of Income (Loss)

	Year Ended September 30,		
(in millions, except per share data)	**2020**	**2019**	**2018**
Net sales	$ 12,670	$ 16,526	$ 17,439
Cost of sales	12,078	15,725	16,535
Gross profit	592	801	904
Selling, general and administrative expenses	558	671	730
Loss on business divestitures - net	13	—	—
Restructuring and impairment costs	238	176	1,181
Equity income (loss)	22	275	(13)
Earnings (loss) before interest and income taxes	(195)	229	(1,020)
Net financing charges	220	182	144
Other pension expense (income)	14	45	(43)
Income (loss) before income taxes	(429)	2	(1,121)
Income tax provision (benefit)	57	410	480
Net income (loss)	(486)	(408)	(1,601)
Income (loss) attributable to noncontrolling interests	61	83	84
Net income (loss) attributable to Adient	$ (547)	$ (491)	$ (1,685)
Earnings per share:			
Basic	$ (5.83)	$ (5.25)	$ (18.06)
Diluted	$ (5.83)	$ (5.25)	$ (18.06)
Shares used in computing earnings per share:			
Basic	93.8	93.6	93.3
Diluted	93.8	93.6	93.3

The accompanying notes are an integral part of the consolidated financial statements.

Adient plc
Consolidated Statements of Comprehensive Income (Loss)

(in millions)	Year Ended September 30, 2020	2019	2018
Net income (loss)	$ (486)	$ (408)	$ (1,601)
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	(69)	(35)	(117)
Realized and unrealized gains (losses) on derivatives	(20)	(1)	(10)
Pension and postretirement plans	—	(2)	1
Other comprehensive income (loss)	(89)	(38)	(126)
Total comprehensive income (loss)	(575)	(446)	(1,727)
Comprehensive income (loss) attributable to noncontrolling interests	68	83	92
Comprehensive income (loss) attributable to Adient	$ (643)	$ (529)	$ (1,819)

The accompanying notes are an integral part of the consolidated financial statements.

Adient plc
Consolidated Statements of Financial Position

(in millions, except share and per share data)	September 30, 2020	September 30, 2019
Assets		
Cash and cash equivalents	$ 1,692	$ 924
Accounts receivable, less allowance for doubtful accounts of $10 and $14, respectively	1,641	1,905
Inventories	685	793
Assets held for sale	43	—
Other current assets	421	494
Current assets	4,482	4,116
Property, plant and equipment - net	1,581	1,671
Goodwill	2,057	2,150
Other intangible assets - net	443	405
Investments in partially-owned affiliates	707	1,399
Assets held for sale	27	—
Other noncurrent assets	964	601
Total assets	$ 10,261	$ 10,342
Liabilities and Shareholders' Equity		
Short-term debt	$ 202	$ 22
Current portion of long-term debt	8	8
Accounts payable	2,179	2,709
Accrued compensation and benefits	374	364
Liabilities held for sale	46	—
Restructuring reserve	237	123
Other current liabilities	773	609
Current liabilities	3,819	3,835
Long-term debt	4,097	3,708
Pension and postretirement benefits	145	151
Other noncurrent liabilities	622	408
Long-term liabilities	4,864	4,267
Commitments and Contingencies (Note 20)		
Redeemable noncontrolling interests	43	51
Preferred shares issued, par value $0.001; 100,000,000 shares authorized zero shares issued and outstanding at September 30, 2020	—	—
Ordinary shares issued, par value $0.001; 500,000,000 shares authorized 93,893,569 shares issued and outstanding at September 30, 2020	—	—
Additional paid-in capital	3,974	3,962
Retained earnings (accumulated deficit)	(2,096)	(1,545)
Accumulated other comprehensive income (loss)	(665)	(569)
Shareholders' equity attributable to Adient	1,213	1,848
Noncontrolling interests	322	341
Total shareholders' equity	1,535	2,189
Total liabilities and shareholders' equity	$ 10,261	$ 10,342

The accompanying notes are an integral part of the consolidated financial statements.

Adient plc
Consolidated Statements of Cash Flows

(in millions)	Year Ended September 30, 2020	2019	2018
Operating Activities			
Net income (loss) attributable to Adient	$ (547)	$ (491)	$ (1,685)
Income attributable to noncontrolling interests	61	83	84
Net income (loss)	(486)	(408)	(1,601)
Adjustments to reconcile net income (loss) to cash provided (used) by operating activities:			
Depreciation	295	278	400
Amortization of intangibles	37	40	47
Pension and postretirement benefit expense (benefit)	23	53	(36)
Pension and postretirement contributions, net	(19)	(19)	11
Equity in earnings of partially-owned affiliates, net of dividends received (includes purchase accounting amortization of $3, $4 and $22, respectively)	24	(55)	(55)
Impairment of nonconsolidated partially owned affiliate	231	—	358
Deferred income taxes	(33)	288	344
Non-cash restructuring and impairment charges	53	78	1,134
Loss (gain) on divestitures - net	13	—	—
Equity-based compensation	15	20	47
Other	24	23	11
Changes in assets and liabilities:			
Receivables	190	131	73
Inventories	78	8	(106)
Other assets	140	150	46
Restructuring reserves	(80)	(108)	(135)
Accounts payable and accrued liabilities	(251)	(191)	143
Accrued income taxes	(8)	20	(2)
Cash provided (used) by operating activities	246	308	679
Investing Activities			
Capital expenditures	(326)	(468)	(536)
Sale of property, plant and equipment	15	68	53
Settlement of cross-currency interest rate swaps	10	10	—
Business divestitures	499	—	—
Changes in long-term investments	(37)	3	(4)
Other	5	4	—
Cash provided (used) by investing activities	166	(383)	(487)
Financing Activities			
Increase (decrease) in short-term debt	(16)	17	(31)
Increase (decrease) in long-term debt	600	1,600	—
Repayment of long-term debt	(108)	(1,204)	(2)
Debt financing costs	(10)	(47)	—
Cash dividends	—	(26)	(103)
Dividends paid to noncontrolling interests	(71)	(62)	(74)
Formation of consolidated joint venture	—	28	—
Other	(2)	(3)	(3)
Cash provided (used) by financing activities	393	303	(213)
Effect of exchange rate changes on cash and cash equivalents	(34)	9	(1)
Increase (decrease) in cash and cash equivalents, including cash classified within current assets held for sale	771	237	(22)
Less: cash classified within current assets held for sale	(3)	—	—
Increase (decrease) in cash and cash equivalents	768	237	(22)
Cash and cash equivalents at beginning of period	924	687	709
Cash and cash equivalents at end of period	$ 1,692	$ 924	$ 687

The accompanying notes are an integral part of the consolidated financial statements.

Adient plc
Consolidated Statements of Shareholders' Equity

(in millions)	Ordinary Shares	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Shareholders' Equity Attributable to Adient	Shareholders' Equity Attributable to Noncontrolling Interests	Total Equity
Balance at September 30, 2017	**$ —**	**$ 3,942**	**$ 734**	**$ (397)**	**$ 4,279**	**$ 313**	**$ 4,592**
Net income (loss)	—	—	(1,685)	—	**(1,685)**	60	**(1,625)**
Foreign currency translation adjustments	—	—	—	(125)	**(125)**	7	**(118)**
Realized and unrealized gains (losses) on derivatives	—	—	—	(10)	**(10)**	—	**(10)**
Dividends declared ($0.825 per share)	—	—	(77)	—	**(77)**	—	**(77)**
Dividends attributable to noncontrolling interests	—	—	—	—	**—**	(56)	**(56)**
Change in noncontrolling interest share	—	—	—	—	**—**	1	**1**
Share based compensation and other	—	9	—	1	**10**	—	**10**
Balance at September 30, 2018	**$ —**	**$ 3,951**	**$ (1,028)**	**$ (531)**	**$ 2,392**	**$ 325**	**$ 2,717**
Net income (loss)	—	—	(491)	—	**(491)**	53	**(438)**
Foreign currency translation adjustments	—	—	—	(35)	**(35)**	(3)	**(38)**
Realized and unrealized gains (losses) on derivatives	—	—	—	(1)	**(1)**	—	**(1)**
Employee retirement plans	—	—	—	(2)	**(2)**	—	**(2)**
Dividends declared ($0.275 per share)	—	—	(26)	—	**(26)**	—	**(26)**
Dividends attributable to noncontrolling interests	—	—	—	—	**—**	(61)	**(61)**
Change in noncontrolling interest share	—	—	—	—	**—**	28	**28**
Share based compensation and other	—	11	—	—	**11**	(1)	**10**
Balance at September 30, 2019	**$ —**	**$ 3,962**	**$ (1,545)**	**$ (569)**	**$ 1,848**	**$ 341**	**$ 2,189**
Net income (loss)	**—**	—	(547)	—	**(547)**	42	**(505)**
Foreign currency translation adjustments	**—**	—	—	(76)	**(76)**	11	**(65)**
Realized and unrealized gains (losses) on derivatives	**—**	—	—	(20)	**(20)**	—	**(20)**
Dividends attributable to noncontrolling interests	**—**	—	—	—	**—**	(54)	**(54)**
Change in noncontrolling interest share	**—**	—	—	—	**—**	(18)	**(18)**
Share based compensation and other	**—**	12	—	—	**12**	—	**12**
Adjustments from adoption of a new standard	**—**	—	(4)	—	**(4)**	—	**(4)**
Balance at September 30, 2020	**$ —**	**$ 3,974**	**$ (2,096)**	**$ (665)**	**$ 1,213**	**$ 322**	**$ 1,535**

The accompanying notes are an integral part of the consolidated financial statements.

1. Basis of Presentation and Summary of Significant Accounting Policies

On October 31, 2016, Adient plc ("Adient") became an independent company as a result of the separation of the automotive seating and interiors business (the "separation") from Johnson Controls International plc ("the former Parent"). Adient was incorporated under the laws of Ireland in fiscal 2016 for the purpose of holding these businesses. Adient's ordinary shares began trading "regular-way" under the ticker symbol "ADNT" on the New York Stock Exchange on October 31, 2016. Upon becoming an independent company, the capital structure of Adient consisted of 500 million authorized ordinary shares and 100 million authorized preferred shares (par value of $0.001 per ordinary and preferred share). The number of Adient ordinary shares issued on October 31, 2016 was 93,671,810.

Adient is a global leader in the automotive seating supplier industry. Adient has a leading market position in the Americas, Europe and China, and has longstanding relationships with the largest global original equipment manufacturers, or OEMs, in the automotive space. Adient's proprietary technologies extend into virtually every area of automotive seating solutions, including complete seating systems, frames, mechanisms, foam, head restraints, armrests and trim covers. Adient is an independent seat supplier with global scale and the capability to design, develop, engineer, manufacture, and deliver complete seat systems and components in every major automotive producing region in the world.

The consolidated financial statements of Adient have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). During fiscal 2020, Adient faced an unprecedented situation with the COVID-19 pandemic and the related significant interruption it had on Adient's operations. Adient's China facilities (including both consolidated and non-consolidated joint ventures) were effectively shut down during the lunar New Year festival (at the end of January 2020) and did not return to operations until the end of March 2020. All of Adient's plants in China are currently operating and all of its customer plants in China have re-opened. Beginning in late March 2020, Adient experienced the shutdown of effectively all of its facilities in the Americas and European regions coinciding with the shutdown of its customer facilities in those regions. Adient also experienced the shutdown of approximately 50% of its plants in Asia (outside China) during late March and early April. During May and June 2020, production started to resume in the Americas, European and Asia (outside China) regions concurrent with Adient's customers resuming operations and production continued to ramp up throughout Adient’s fiscal fourth quarter in all regions in line with customer production. As of September 30, 2020, virtually all of Adient's plants have resumed production, although production rates are well below pre-pandemic levels.

Principles of Consolidations

Adient consolidates its wholly-owned subsidiaries and those entities in which it has a controlling interest. Investments in partially-owned affiliates are accounted for by the equity method when Adient's interest exceeds 20% and does not have a controlling interest.

During the second quarter of fiscal 2018, Adient recorded expense of $8 million for an out of period adjustment, primarily impacting cost of goods sold, to correct a prior period error related to an unrecorded obligation. Adient has concluded that this adjustment was not material to previously reported financial statements nor to full year fiscal 2018 results.

Consolidated VIEs

Based upon the criteria set forth in the Financial Accounting Standards Board (the FASB) Accounting Standards Codification (ASC) 810, "Consolidation," Adient has determined that it was the primary beneficiary in two variable interest entities (VIEs) for the reporting periods ended September 30, 2020 and 2019, respectively, as Adient absorbs significant economics of the entities and has the power to direct the activities that are considered most significant to the entities.

The two VIEs manufacture seating products in North America for the automotive industry. Adient funds the entities' short-term liquidity needs through revolving credit facilities and has the power to direct the activities that are considered most significant to the entities through its key customer supply relationships.

The carrying amounts and classification of assets (none of which are restricted) and liabilities included in Adient's consolidated statements of financial position for the consolidated VIEs are as follows:

	September 30,	
(in millions)	**2020**	**2019**
Current assets	$ 217	$ 236
Noncurrent assets	74	40
Total assets	$ 291	$ 276
Current liabilities	$ 204	$ 235
Noncurrent liabilities	10	—
Total liabilities	$ 214	$ 235

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The consolidated financial statements reflect management's estimates as of the reporting date. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The fair values of cash and cash equivalents, accounts receivable, short-term debt and accounts payable approximate their carrying values. See Note 10, "Derivative Instruments and Hedging Activities," and Note 11, "Fair Value Measurements," of the notes to consolidated financial statements for fair value of financial instruments, including derivative instruments and hedging activities.

Cash and Cash Equivalents

Adient considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash is managed by legal entity, with cash pooling agreements in place for all participating entities on a global basis, as applicable.

Receivables

Receivables consist of amounts billed and currently due from customers and revenues that have been recognized for accounting purposes but not yet billed to customers. Adient extends credit to customers in the normal course of business and maintains an allowance for doubtful accounts resulting from the inability or unwillingness of customers to make required payments. The allowance for doubtful accounts is based on historical experience, existing economic conditions and any specific customer collection issues Adient has identified. Adient enters into supply chain financing programs in certain foreign jurisdictions to sell accounts receivable without recourse to third-party financial institutions. Sales of accounts receivable are reflected as a reduction of accounts receivable on the consolidated statements of financial position and the proceeds are included in cash flows from operating activities in the consolidated statements of cash flows.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out ("FIFO") method. Finished goods and work-in-process inventories include material, labor and manufacturing overhead costs.

Pre-Production Costs Related to Long-Term Supply Arrangements

Adient's policy for engineering, research and development, and other design and development costs related to products that will be sold under long-term supply arrangements requires such costs to be expensed as incurred or capitalized if reimbursement from the customer is contractually assured. Income related to recovery of these costs is recorded within selling, general and administrative expense in the consolidated statements of income. At September 30, 2020 and 2019, Adient recorded within the consolidated statements of financial position $293 million and $303 million, respectively, of engineering and research and development costs for which customer reimbursement is contractually assured. The reimbursable costs are recorded in other current assets if reimbursement will occur in less than one year and in other noncurrent assets if reimbursement will occur beyond one year. At September 30, 2020, Adient had $85 million and $208 million of reimbursable costs recorded in current and noncurrent assets, respectively. At September 30, 2019, Adient had $117 million and $186 million of reimbursable costs recorded in current and noncurrent assets, respectively.

Costs for molds, dies and other tools used to make products that will be sold under long-term supply arrangements are capitalized within property, plant and equipment if Adient has title to the assets or has the non-cancelable right to use the assets during the term of the supply arrangement. Capitalized items, if specifically designed for a supply arrangement, are amortized over the term of the arrangement; otherwise, amounts are amortized over the estimated useful lives of the assets. The carrying values of assets capitalized in accordance with the foregoing policy are periodically reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. At September 30, 2020 and 2019, approximately $51 million and $60 million, respectively, of costs for molds, dies and other tools were capitalized within property, plant and equipment which represented assets to which Adient had title. In addition, at September 30, 2020, Adient recorded within the consolidated statements of financial position in other current and noncurrent assets $78 million and $6 million, respectively, of costs for molds, dies and other tools for which customer reimbursement is contractually assured. At September 30, 2019, Adient recorded within the consolidated statements of financial position in other current and noncurrent assets $101 million and $28 million, respectively, of costs for molds, dies and other tools for which customer reimbursement is contractually assured.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method for financial reporting purposes and accelerated methods for income tax purposes. The estimated useful lives range from 3 to 40 years for buildings and improvements and from 3 to 15 years for machinery and equipment.

Leases

On October 1, 2019, Adient adopted Accounting Standards Codification Topic 842, "*Leases*" (ASC 842) using the modified retrospective transition approach and electing the package of practical expedients. This resulted in the recognition of right-of-use (ROU) assets of $380 million and corresponding operating lease liabilities of $384 million. The adoption date ROU asset balance was adjusted by $4 million, reflecting impairment of ROU assets for certain real estate leases (within the North America and Europe asset groups) of which the Company determined the carrying value of the initial operating lease ROU asset exceeded its fair value. The adjustment was recorded as an increase to the opening accumulated deficits. The adoption of ASC 842 did not have any significant impact on the consolidated statement of income or cash flows.

Operating lease ROU assets and liabilities are recognized based on the present value of future minimum lease payments over the lease term at commencement dates. ROU assets also include payments made in advance and exclude lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that such options are to be exercised. Adient uses its incremental borrowing rate, which is the rate of interest it would pay to borrow on a collateralized basis over a similar term to the lease in a similar economic environment, for discounting lease consideration as most lease agreements do not provide an implicit rate. Refer to Note 8, "Leases" of the notes to consolidated financial statements for more information regarding Adient's leases.

Goodwill and Other Intangible Assets

Goodwill reflects the cost of an acquisition in excess of the fair values assigned to identifiable net assets acquired. Adient reviews goodwill for impairment during the fourth fiscal quarter or more frequently if events or changes in circumstances indicate the asset might be impaired. Adient performs impairment reviews for its reporting units, which have been determined to be Adient's reportable segments using a fair value method based on management's judgments and assumptions or third party valuations. The fair value of a reporting unit refers to the price that would be received to sell the unit as a whole in an orderly transaction between market participants at the measurement date. In estimating the fair value, Adient primarily uses an income approach utilizing discounted cash flow analyses. Adient also uses a market approach utilizing published multiples of earnings of comparable entities with similar operational and economic characteristics to further support the fair value estimates. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value

Measurement." The estimated fair value is then compared with the carrying amount of the reporting unit, including recorded goodwill. An impairment is recorded to the extent the estimated fair value is below the carrying amount of the reporting unit.

Intangible assets with definite lives are amortized over their estimated useful lives and are subject to impairment testing if events or changes in circumstances indicate that the asset might be impaired.

Impairment of Long-Lived Assets

Adient reviews long-lived assets, including property, plant and equipment and other intangible assets with definite lives, for impairment whenever events or changes in circumstances indicate that the asset's carrying amount may not be recoverable. Adient conducts its long-lived asset impairment analyses in accordance with ASC 360-10-15, "Impairment or Disposal of Long-Lived Assets." ASC 360-10-15 requires Adient to group assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and evaluate the asset group against the sum of the undiscounted future cash flows. If the undiscounted cash flows do not indicate the carrying amount of the asset is recoverable, an impairment charge is measured as the amount by which the carrying amount of the asset group exceeds its fair value based on discounted cash flow analysis or appraisals. Refer to Note 16, "Impairment of Long-Lived Assets," of the notes to consolidated financial statements for information regarding the results of Adient's impairment analysis.

Impairment of Investments in Partially-Owned Affiliates

Adient monitors its investments in partially-owned affiliates for indicators of other-than-temporary declines in value on an ongoing basis. If Adient determines that an other-than-temporary decline in value has occurred, it recognizes an impairment loss, which is measured as the difference between the recorded book value and the fair value of the investment. Fair value is generally determined using an income approach based on discounted cash flows or negotiated transaction values. Refer to Note 19, "Nonconsolidated Partially-Owned Affiliates," of the notes to consolidated financial statements for more information on Adient's partially-owned affiliates.

Revenue Recognition

Adient provides production and service parts to its customers under awarded multi-year programs. The duration of a program is generally consistent with the life cycle of a vehicle, however, an awarded program does not reach the level of a performance obligation until Adient receives either a purchase order and/or a materials release from the customer for a specific number of parts at a specified price, at which point an enforceable contract exists. Sales revenue is recognized at the point in time when parts are shipped and control has transferred to the customer, at which point an enforceable right to payment exists. Contracts may provide for annual price reductions over the production life of the awarded program, and prices are adjusted on an ongoing basis to reflect changes in product content/cost and other commercial factors. The amount of revenue recognized reflects the consideration that Adient expects to be entitled to in exchange for such products based on purchase orders, annual price reductions and ongoing price adjustments. Refer to Note 2, "Revenue Recognition," of the notes to consolidated financial statements for information on Adient's revenue recognition.

Customers

Essentially all of Adient's sales are to the automotive industry. Adient's most significant customers include Fiat Chrysler Automobiles N.V. and Volkswagen Group which comprised 10% and 10% of consolidated net sales, respectively, in fiscal 2020, Fiat Chrysler Automobiles N.V. and Volkswagen Group which comprised 11% and 9% of consolidated net sales, respectively, in fiscal 2019 and Fiat Chrysler Automobiles N.V. and Volkswagen Group which comprised 11% and 10% of consolidated net sales in fiscal 2018.

Research and Development Costs

Expenditures for research activities relating to product development and improvement (other than those expenditures that are contractually guaranteed for reimbursement from the customer) are charged against income as incurred and included within selling, general and administrative expenses in the consolidated statements of income. Such expenditures for the years ended September 30, 2020, 2019 and 2018 were $370 million, $454 million and $513 million, respectively. A portion of these costs associated with these activities are reimbursed by customers and, for the fiscal years ended September 30, 2020, 2019 and 2018 were $223 million, $291 million and $298 million, respectively.

Foreign Currency Translation

Substantially all of Adient's international operations use the respective local currency as the functional currency. Assets and liabilities of international entities have been translated at period-end exchange rates, and income and expenses have been translated using average exchange rates for the period. Monetary assets and liabilities denominated in non-functional currencies are adjusted to reflect period-end exchange rates. The resulting translation adjustments are accumulated as a component of accumulated other comprehensive income. The aggregate transaction gains (losses) included in net income for the years ended September 30, 2020, 2019 and 2018 were $(25) million, $(12) million and $(4) million, respectively.

Derivative Financial Instruments

The fair values of all derivatives are recorded in the consolidated statements of financial position. The change in a derivative's fair value is recorded each period in current earnings or accumulated other comprehensive income (AOCI), depending on whether the derivative is designated as part of a hedge transaction and if so, the type of hedge transaction. Refer to Note 10, "Derivative Instruments and Hedging Activities," and Note 11, "Fair Value Measurements," of the notes to consolidated financial statements for disclosure of Adient's derivative instruments and hedging activities.

Stock-Based Compensation

Stock-based compensation is initially measured at the fair value of the awards on the grant date and is recognized in the financial statements over the period the employees are required to provide services in exchange for the awards. The fair value of restricted stock awards is based on the number of units granted and the stock price on the grant date. The fair value of performance-based share unit, or PSU, awards is based on the stock price at the grant date and the assessed probability of meeting future performance targets. The fair value of option awards is measured on the grant date using the Black-Scholes option-pricing model. The fair value of each stock appreciation right, or SAR, is estimated using a similar method described for stock options. The fair value of cash settled awards are recalculated at the end of each reporting period and the liability and expense are adjusted based on the new fair value. Refer to Note 12, "Stock-Based Compensation," of the notes to consolidated financial statements for Adient's stock based compensation disclosures.

Pension and Postretirement Benefits

Adient utilizes a mark-to-market approach for recognizing pension and postretirement benefit expenses, including measuring the market related value of plan assets at fair value and recognizing actuarial gains and losses in the fourth quarter of each fiscal year or at the date of a remeasurement event. Refer to Note 14, "Retirement Plans," of the notes to consolidated financial statements for disclosure of Adient's pension and postretirement benefit plans.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and other loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Adient records a valuation allowance that primarily represents operating and other loss carryforwards for which realization is uncertain. Management judgment is required in determining Adient's provision for income taxes, deferred tax assets and liabilities, and the valuation allowance recorded against Adient's net deferred tax assets.

Adient reviews the realizability of its deferred tax assets on a quarterly basis, or whenever events or changes in circumstances indicate that a review is required. In determining the requirement for a valuation allowance, the historical and projected financial results of the legal entity or combined group recording the net deferred tax asset are considered, along with any other positive or negative evidence. Since future financial results may differ from previous estimates, periodic adjustments to Adient's valuation allowances may be necessary.

Adient is subject to income taxes in Ireland, the U.S. and other non-U.S. jurisdictions. Judgment is required in determining its worldwide provision for income taxes and recording the related assets and liabilities. In the ordinary course of Adient's business, there are many transactions and calculations where the ultimate tax determination is uncertain. Adient's income tax returns for various fiscal years remain under audit by the respective tax authorities. Although the outcome of tax audits is always uncertain, management believes that it has appropriate support for the positions taken on its tax returns and that its annual tax provisions included amounts sufficient to pay assessments, if any, which may be proposed by the taxing authorities. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year.

Adient does not generally provide for additional income taxes which would become payable upon repatriation of undistributed earnings of wholly owned foreign subsidiaries. Adient's intent is for such earnings to be reinvested by the subsidiaries or to be repatriated only when it would be tax efficient.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Act") was signed and enacted into law, and is effective for tax years beginning on or after January 1, 2018, with the exception of certain provisions. The Act includes a provision to tax global intangible low-taxed income ("GILTI") of foreign subsidiaries, which was effective for Adient beginning in fiscal year 2019. Adient has made a policy election to treat taxes due under the GILTI provision as a current period expense in the reporting period in which the tax is incurred.

Refer to Note 17, "Income Taxes," of the notes to consolidated financial statements for Adient's income tax disclosures.

Earnings Per Share

The following table shows the computation of basic and diluted earnings per share:

	Year Ended September 30,		
(in millions, except per share data)	**2020**	**2019**	**2018**
Numerator:			
Net income (loss) attributable to Adient	$ (547)	$ (491)	$ (1,685)
Denominator:			
Shares outstanding	93.8	93.6	93.3
Effect of dilutive securities	—	—	—
Diluted shares	93.8	93.6	93.3
Earnings per share:			
Basic	$ (5.83)	$ (5.25)	$ (18.06)
Diluted	$ (5.83)	$ (5.25)	$ (18.06)

Potentially dilutive securities whose effect would have been antidilutive are excluded from the computation of diluted earnings per share which for fiscal 2020, 2019 and 2018 is a result of being in a loss position.

New Accounting Pronouncements

Standards Adopted During Fiscal 2020

On October 1, 2019, Adient adopted Accounting Standards Codification Topic 842, "Leases" ("ASC 842"). The guidance requires lessees to recognize a lease liability and a right-of-use (ROU) asset for all leases with the exception of short-term leases whose terms are twelve months or less. By applying the optional modified retrospective method, Adient recorded an adjustment as of the adoption date without any retrospective adjustments to comparative financial information. Additionally, Adient elected the package of practical expedients permitted under ASC 842, and accordingly, did not reassess whether existing contracts contain leases, lease classifications, or the treatment of initial direct costs capitalized under the previous standard ("ASC 840"). Adient did not apply the "hindsight" practical expedient upon adoption. Adient did elect to apply the practical expedient to not separate nonlease components from associated lease components. Refer to Note 8, "Leases," of the notes to consolidated financial statements for additional information.

ASU 2018-07, Compensation-Stock Compensation: Improvements to Nonemployee Share-Based Payment Accounting, expands the scope of Topic 718 to include all share-based payment transactions for acquiring goods and services from nonemployees. ASU 2018-07 specifies that Topic 718 applies to all share-based payment transactions in which the grantor acquires goods and services to be used or consumed in its own operations by issuing share-based payment awards. ASU 2018-07 also clarifies that Topic 718 does not apply to share-based payments used to effectively provide (1) financing to the issuer or (2) awards granted in conjunction with selling goods or services to customers as part of a contract accounted for under ASC 606. The adoption of this guidance on October 1, 2019 did not have a material impact on Adient's consolidated financial statements for the fiscal year ended September 30, 2020.

On March 12, 2020, Adient adopted Accounting Standards Update 2020-04, Topic 848, "*Reference Rate Reform - Facilitation of the Effects of Reference Rate Reform on Financial Reporting*" upon its issuance. The guidance provides certain expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedging relationships. The adoption did not have a material impact on Adient's consolidated financial statements for the fiscal year ended September 30, 2020.

Standards Effective After Fiscal 2020

Adient has considered the ASUs summarized below, effective after fiscal 2020, none of which are expected to significantly impact the consolidated financial statements:

Standard Pending Adoption	Description	Date Effective
ASU 2016-13, Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments	ASU 2016-13 changes the impairment model for financial assets measured at amortized cost, requiring presentation at the net amount expected to be collected. The measurement of expected credit losses is based upon historical experience, current conditions, and reasonable and supportable forecasts. Available-for-sale debt securities with unrealized losses will now be recorded through an allowance for credit losses.	October 1, 2020
ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement	ASU 2018-13 eliminates, adds, and modifies certain disclosure requirements for fair value measurements. The amendments with respect to changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty are to be applied prospectively. All other amendments are to be applied retrospectively to all periods presented.	October 1, 2020
ASU 2018-14, Compensation-Retirement Benefits-Defined Benefit Plans-General: Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans	The amendments in ASU 2018-14 eliminate, add, and modify certain disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. The guidance is to be applied on a retrospective basis to all periods presented.	October 1, 2020
ASU 2018-17, Targeted Improvements to Related Party Guidance for Variable Interest Entities	ASU 2018-17 affects reporting entities that are required to determine whether they should consolidate a legal entity under the guidance within the Variable Interest Entities Subsections of Subtopic 810-10, Consolidation-Overall.	October 1, 2020
ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes	ASU 2019-12 modifies ASC 740, Income Taxes, by simplifying accounting for income taxes. As part of its overall simplification initiative to reduce costs and complexity of applying accounting standards while maintaining or improving the usefulness of the information provided to users of financial statements, the FASB’s amendments may impact both interim and annual reporting periods.	October 1, 2021

Standard Pending Adoption	Description	Date Effective
ASU 2020-06, Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity’s Own Equity (Subtopic 815-40)	ASU 2020-06 simplifies the accounting for certain financial instruments with characteristics of liabilities and equity by reducing the number of accounting models for convertible debt and convertible preferred stock.	October 1, 2022

2. Revenue Recognition

Adient generates revenue through the sale of automotive seating solutions, including complete seating systems and the components of complete seating systems. Adient provides production and service parts to its customers under awarded multi-year programs. The duration of a program is generally consistent with the life cycle of a vehicle, however, the program can be canceled at any time without cause by the customer. Programs awarded to Adient to supply parts to its customers do not contain a firm commitment by the customer for volume or price and do not reach the level of a performance obligation until Adient receives either a purchase order and/or a materials release from the customer for a specific number of parts at a specified price, at which point an enforceable contract exists. Sales revenue is generally recognized at the point in time when parts are shipped and control has transferred to the customer, at which point an enforceable right to payment exists. Contracts may provide for annual price reductions over the production life of the awarded program, and prices are adjusted on an ongoing basis to reflect changes in product content/cost and other commercial factors. The amount of revenue recognized reflects the consideration that Adient expects to be entitled to in exchange for such products based on purchase orders, annual price reductions and ongoing price adjustments (some of which are accounted for as variable consideration and subject to being constrained), net of the impact, if any, of consideration paid to the customer.

In a typical arrangement with the customer, purchase orders are issued for pre-production activities which consist of engineering, design and development, tooling and prototypes for the manufacture and delivery of component parts. Adient has concluded that these activities are not in the scope of ASC 606 and for that reason, there have been no changes to how Adient accounts for reimbursable pre-production costs.

Adient has elected to continue to include shipping and handling fees billed to customers in revenue, while including costs of shipping and handling in cost of sales. Taxes collected from customers are excluded from revenue and credited directly to obligations to the appropriate government agencies. Payment terms with customers are established based on customary industry and regional practices. Adient has evaluated the terms of its arrangements and determined that they do not contain significant financing components.

Contract assets primarily relate to the right to consideration for work completed, but not billed at the reporting date on contracts with customers. The contracts assets are transferred to receivables when the rights become unconditional. Contract liabilities primarily relate to contracts where advance payments or deposits have been received, but performance obligations have not yet been satisfied and revenue has not been recognized. No significant contract assets or liabilities were identified at September 30, 2020. As described above, the issuance of a purchase order and/or a materials release by the customer represents the point at which an enforceable contract with the customer exists. Therefore, Adient has elected to apply the practical expedient in ASC 606, paragraph 606-10-50-14 and does not disclose information about the remaining performance obligations that have an original expected duration of one year or less. Refer to Note 18, "Segment Information," of the notes to consolidated financial statements for disaggregated revenue by geographical market.

3. Acquisitions and Divestitures

Divestitures

Adient Aerospace, LLC ("Adient Aerospace") became operational on October 11, 2018 with Adient’s initial ownership position in Adient Aerospace being 50.01%. Initial contributions of $28 million were made during the first quarter of fiscal 2019 by each partner. On October 25, 2019, Adient reached an agreement with Boeing in which Adient’s ownership position was reduced to 19.99%, resulting in the deconsolidation of Adient Aerospace on that date, including $37 million of cash. Adient recorded a $4 million loss as a result of the transaction in the Americas segment, including $21 million of allocated goodwill.

Adient Aerospace develops, manufactures, and sells a portfolio of seating products to airlines and aircraft leasing companies for installation on Boeing and other OEM commercial airplanes, for both production line-fit and retrofit configurations.

On December 31, 2019, Adient sold the RECARO automotive high performance seating systems business to a group of investors for de minimis proceeds. As a result of the sale, Adient recorded a loss of $21 million during the quarter ending December 31, 2019. For fiscal 2019, the RECARO business recorded $148 million of net sales and insignificant pre-tax income.

On January 31, 2020 (as amended on June 24, 2020), Adient, Yanfeng Automotive Trim Systems Company Ltd. ("Yanfeng"), Adient Yanfeng Seating Mechanisms Co., Ltd. ("AYM"), a joint venture owned, directly or indirectly, by Yanfeng (50%) and Adient (50%), Yanfeng Adient Seating Co., Ltd. ("YFAS"), a joint venture owned, directly or indirectly, by Yanfeng (50.01%) and Adient (49.99%) and YFAI, a joint venture owned, directly or indirectly, by Yanfeng (70%) and Adient (30%), entered into a Master Agreement (the "Agreement", collectively referred to as "Yanfeng transaction"), pursuant to which the parties have agreed, among other things, that:

- Adient would transfer all of the issued and outstanding equity interest in YFAI held, directly or indirectly, by Adient, which represents 30% of YFAI's total issued and outstanding equity interest, to Yanfeng for $369 million, of which $309 million was paid at the closing of the agreed transactions and the remaining $60 million will be paid on a deferred basis post-closing. With respect to each YFAI fiscal year ending after the closing, starting with the year ending December 31, 2020, Adient will be paid an earnout in an amount equal to 30% percent of YFAI's distributable earnings for such year until such time as the $60 million deferred purchase price is fully paid;

- Adient and Yanfeng would amend the YFAS Joint Venture Contract, dated as of October 22, 1997, as amended, and the Articles of Association of YFAS, dated as of October 22, 1997, as amended, in each case in order to extend the term of the YFAS joint venture until December 31, 2038;

- Adient would transfer all patents, trademarks and copyrights, know-how, trade secrets and other intellectual property rights owned by Adient (or certain of its subsidiaries) and used exclusively in the conduct of Adient's mechanism business as of the date of such transfer (the "Transferred IP") to AYM for $20 million, and in connection with such transfer, (i) AYM will grant back to Adient a sole license with respect to the Transferred IP on a worldwide and royalty-free basis, (ii) Adient will grant AYM a worldwide and royalty-free license with respect to certain intellectual property rights owned by Adient (or certain of its subsidiaries) and used on a non-exclusive basis in the conduct of Adient's mechanism business, and (iii) Adient and AYM will license to each other certain improvements to the Transferred IP, as well as certain other intellectual property rights developed or acquired by Adient, AYM or certain of their respective subsidiaries and relating to the mechanism business; and

- Adient and Yanfeng would amend the AYM Equity Joint Venture Contract, dated as of September 9, 2013, as amended, and the Articles of Association of AYM, dated as of September 9, 2013, as amended to, among other things, (i) make certain governance changes such that Yanfeng will control and consolidate the results of AYM for financial reporting and accounting purposes, and (ii) expand AYM's business and customer scope such that it may carry out its seating mechanism business anywhere in and outside of the People's Republic of China, in each case, on the terms and subject to the conditions set forth in the Agreement and the relevant definitive agreements to be entered into in connection therewith.

The transactions agreed on January 31, 2020, as amended on June 24, 2020, were cross-conditioned on each other and closed in accordance with the terms above on August 21, 2020. Proceeds from the transactions of $329 million were received at closing and will be used by Adient for general corporate purposes or to potentially pay down a portion of Adient's debt subject to the ongoing impacts of the COVID-19 pandemic. The terms of the Master Agreement as described above are consistent with non-binding terms reached in December 2019.

As a result of the January 31, 2020 agreement, as amended on June 24, 2020, described above, Adient concluded that indicators of other-than-temporary impairment were present related to the investment in YFAI as of December 31, 2019, June 30, 2020, and upon closing. Upon entering into a formal agreement to sell the YFAI investment, Adient determined that other-than-temporary impairment did exist and recorded a $216 million non-cash impairment of Adient's YFAI investment during the quarter ended December 31, 2019. As a result of the June 24, 2020 modifications to the agreement described above, Adient recorded $6 million of additional non-cash impairment of Adient's YFAI investment during the quarter ended June 30, 2020. Upon closing of the transaction, an additional $9 million of impairment was recorded due to receipt of proceeds in U.S. dollars. The impairments were determined based on combining the fair value of consideration received for all transactions contemplated within the Master Agreement, including an estimated fair value of the YFAS joint venture extension, and allocating the total consideration received to the individual transactions based on relative fair values. Adient estimated the fair value of the individual transactions using both an income approach and market approach. The inputs utilized in the fair value analyses of the transactions are classified as level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement" and primarily consisted of expected future operating margins and cash flows of YFAI, estimated production volumes, estimated dividend payments from YFAS over the extension period, estimated terminal values of YFAS, market comparables, weighted-average costs of capital (YFAI - 15.0%, YFAS - 10.5%), and noncontrolling interest discounts. As a result of the pending divestiture of the YFAI investment and the corresponding impairment, Adient ceased recognizing equity income from YFAI subsequent to December 31, 2019 (YFAI equity income was $40 million in fiscal year 2019). In addition, upon the closing of the transaction, an intangible asset of $92 million was recorded associated with the YFAS joint venture extension to be amortized over the 18-year term of the extension.

On September 30, 2020, Adient closed on the sale of its automotive fabrics manufacturing business including the lamination business to Sage Automotive Interiors for net proceeds of approximately $170 million, net of $4 million of cash divested within the business. Proceeds from the transaction are expected to be used by Adient for general corporate purposes or to potentially pay down a portion of Adient’s debt subject to the ongoing impact of the COVID-19 pandemic. A minimal gain was recorded as a result of the transaction after allocating $80 million of goodwill to the disposed business. The sale transaction included 11 facilities globally with the majority located in EMEA and approximately 1,300 employees. For fiscal years 2020 and 2019, the fabrics manufacturing business recorded $99 million and $130 million of third party sales and a nominal amount and $8 million of pre-tax income, respectively.

All of the divestiture transactions described above align with Adient's strategy of focusing on its core, high-volume seating business.

Assets held for sale

During fiscal 2020, Adient committed to a plan to sell certain entities in China and certain properties in the U.S. As a result, these assets were classified as assets held for sale and were required to be adjusted to the lower of fair value less cost to sell or carrying value. This resulted in an impairment charge of $21 million which was recorded within restructuring and impairment costs on the consolidated statement of income (loss) during fiscal 2020, of which $12 million related to America’s assets and $9 million related to China’s assets. The impairment was measured using third party sales pricing to determine fair values of the assets. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement."

During fiscal 2018, Adient committed to a plan to sell its Detroit, Michigan properties and its airplanes and actively marketed the sale of these assets. As a result, these assets were classified as assets held for sale and were required to be adjusted to the lower of fair value less cost to sell or carrying value. This resulted in an impairment charge of $49 million which was recorded within restructuring and impairment costs on the consolidated statement of income (loss) during fiscal 2018, of which $39 million related to Americas assets and $10 million related to corporate assets. The impairment was measured using third party sales pricing to determine fair values of the assets. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement." During the fourth quarter of fiscal 2018, one airplane was sold for $36 million. During the first quarter of fiscal 2019, both the Detroit, Michigan properties and remaining airplane were sold for approximately $35 million.

4. Inventories

Inventories consisted of the following:

	September 30,	
(in millions)	**2020**	**2019**
Raw materials and supplies	$ 530	$ 609
Work-in-process	22	32
Finished goods	133	152
Inventories	$ 685	$ 793

5. Property, Plant and Equipment

Property, plant and equipment consisted of the following:

(in millions)	September 30, 2020	September 30, 2019
Buildings and improvements	$ 1,224	$ 1,183
Machinery and equipment	4,462	4,612
Construction in progress	256	262
Land	107	135
Total property, plant and equipment	6,049	6,192
Less: accumulated depreciation	(4,468)	(4,521)
Property, plant and equipment - net	$ 1,581	$ 1,671

There were no material leased capital assets included in net property, plant and equipment at September 30, 2020 and 2019.

As of September 30, 2020, Adient is the lessor of properties included in gross building and improvements for $36 million and accumulated depreciation of $28 million. As of September 30, 2019, Adient is the lessor of properties included in gross building and improvements for $34 million and accumulated depreciation of $26 million.

Refer to Note 16, "Impairment of Long-Lived Assets," of the notes to consolidated financial statements for additional information related to the fixed asset impairment charges in fiscal year 2019 related to the seat structure and mechanism operations.

6. Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill are as follows:

(in millions)	Americas	EMEA	Asia	Total
Balance at September 30, 2018	$ 642	$ 469	$ 1,071	$ 2,182
Currency translation and other	(4)	(40)	12	(32)
Balance at September 30, 2019	$ 638	$ 429	$ 1,083	$ 2,150
Business divestitures	(21)	(80)	—	(101)
Currency translation and other	(11)	19	—	8
Balance at September 30, 2020	$ 606	$ 368	$ 1,083	$ 2,057

Adient evaluates its goodwill for impairment on an annual basis, or as facts and circumstances warrant. Due to the COVID-19 pandemic and the significant interruption it has caused to Adient’s operations, Adient tested goodwill for impairment for each of its reporting units for the quarter ended March 31, 2020 and also performed its annual goodwill test during the fourth quarter of fiscal 2020 using a fair value method based on management's judgments and assumptions regarding future cash flows. The fair value of a reporting unit refers to the price that would be received to sell the unit as a whole in an orderly transaction between market participants at the measurement date. Adient estimated the fair value of each of its reporting units using an income approach, which utilized Level 3 unobservable inputs. These calculations contain uncertainties as they require management to make assumptions about market comparables, future cash flows, and the appropriate discount rates (based on weighted average cost of capital ranging from 15.0% to 17.5% as of March 31, 2020 and 16.0% to 18.5% as of September 30, 2020) to reflect the risk inherent in the future cash flows and to derive a reasonable enterprise value and related premium. The estimated future cash flows reflect management's latest assumptions of the financial projections based on current and anticipated competitive landscape, including estimates of revenue based on production volumes over the foreseeable future and long-term growth rates, and operating margins based on historical trends and future cost containment activities. The financial projections also considered the impact that COVID-19 is having on Adient’s current and future operations as well as the impact to new vehicle sales in future years. As a result of the tests, there was no goodwill impairment recorded during the quarter ended March 31, 2020 or during the fourth quarter of fiscal 2020. A change in any of these estimates and assumptions, especially as it relates to the extent of the COVID-19 pandemic’s impacts on vehicle production volumes within the automotive industry as well as the demand for new vehicle sales once the current operational interruptions are over, could produce significantly lower fair values of Adient's reporting units, which could have a material impact on its results of operations.

During fiscal 2019, as a result of the change in reportable segments during the second quarter, Adient conducted goodwill impairment analyses of the newly allocated goodwill balances under the new reportable segment structure and identified no impairment. Adient also performed its annual goodwill impairment test during the fourth quarter of fiscal 2019 resulting in no goodwill impairment. During the second quarter of fiscal 2018, Adient conducted goodwill impairment analyses of the allocated goodwill balances under the reportable segment structure at that time. Adient also performed its annual goodwill impairment test during the fourth quarter of fiscal 2018. Adient performed these impairment reviews for its reporting units, which had been determined to be Adient's reportable segments, using a fair value method based on management's judgments and assumptions or third party valuations. The fair value of a reporting unit refers to the price that would be received to sell the unit as a whole in an orderly transaction between market participants at the measurement date. Adient estimated the fair value of its reportable segments using both a multiple of earnings approach and an income approach, both of which utilized Level 3 unobservable inputs. These calculations contained uncertainties as they required management to make assumptions about market comparables, future cash flows, the appropriate discount rate (based on weighted average cost of capital) and growth rate to reflect the risk inherent in the future cash flows. The estimated future cash flows reflected management's latest assumptions of the financial projections based on current and anticipated competitive landscape and product profitability based on historical trends. A change in any of these estimates and assumptions could produce a different fair value, which could have a material impact on Adient's results of operations. As a result of the second quarter 2018 goodwill analyses, Adient determined that goodwill associated with its seat structure and mechanism operations was fully impaired. Consequently, a pre-tax goodwill impairment charge of $299 million was recognized in the consolidated statements of income (loss) within the restructuring and impairment costs line item. The goodwill impairment charge represented a triggering event for additional impairment considerations of other long-lived assets, including an analysis of the recoverability of long-lived assets as of March 31, 2018. No further goodwill or other long-lived asset impairments were identified during the second quarter of fiscal 2018. No goodwill impairments were identified as of September 30, 2018. Refer to Note 16, "Impairment of Long-Lived Assets," of the notes to the consolidated financial statements for information on long-lived asset impairment charges.

Adient's other intangible assets, primarily from business acquisitions valued based on independent appraisals, consisted of:

	September 30, 2020			September 30, 2019		
(in millions)	**Gross Carrying Amount**	**Accumulated Amortization**	**Net**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net**
Intangible assets						
Patented technology	$ 27	$ (19)	$ 8	$ 27	$ (17)	$ 10
Customer relationships	424	(103)	321	494	(129)	365
Trademarks	41	(27)	14	51	(32)	19
Miscellaneous	110	(10)	100	21	(10)	11
Total intangible assets	$ 602	$ (159)	$ 443	$ 593	$ (188)	$ 405

As part of the Yanfeng transaction, which closed during the fourth quarter of fiscal 2020, an intangible asset of $92 million was recorded associated with the YFAS joint venture extension to 2038 (reflected in the Miscellaneous line in the table above), to be amortized over the 18-year term of the extension.

Adient evaluates its other intangible assets for impairment as facts and circumstances warrant. During the third quarter of fiscal 2020, a pre-tax non-cash impairment of $27 million was recorded in the Asia segment related to customer relationship intangible assets of $24 million and other long-lived assets of $3 million within the Futuris China business due to an overall decline in forecasted operations within that business. During the second quarter of fiscal 2019, of the $66 million long-lived asset impairment charge recognized, $4 million was attributable to a customer relationship intangible asset. The impairments were calculated based on a fair value method using discounted cash flows that involves the use of management judgements and estimates related to forecasted revenue, operating costs and discount rates. During the fourth quarter of fiscal 2018, of the $787 million long-lived asset impairment charge recognized, $19 million was attributable to a customer relationship intangible asset. Refer to Note 18, “Segment Information,” and Note 16, "Impairment of Long-Lived Assets," of the notes to the consolidated financial statements for additional information.

Amortization of other intangible assets for the fiscal years ended September 30, 2020, 2019 and 2018 was $37 million, $40 million and $47 million, respectively. Adient anticipates amortization for fiscal 2021, 2022, 2023, 2024 and 2025 will be approximately $35 million, $34 million, $33 million, $31 million and $29 million, respectively.

7. Product Warranties

Adient offers warranties to its customers depending upon the specific product and terms of the customer purchase agreement. A typical warranty program requires that Adient replace defective products within a specified time period from the date of sale. Adient records an estimate for future warranty-related costs based on actual historical return rates and other known factors. Based on analysis of return rates and other factors, Adient's warranty provisions are adjusted as necessary. Adient monitors its warranty activity and adjusts its reserve estimates when it is probable that future warranty costs will be different than those estimates. Adient's product warranty liability is recorded in the consolidated statements of financial position in other current liabilities.

The changes in Adient's total product warranty liability are as follows:

	September 30,	
(in millions)	**2020**	**2019**
Balance at beginning of period	$ 22	$ 11
Accruals for warranties issued during the period	9	11
Changes in accruals related to pre-existing warranties (including changes in estimates)	1	6
Changes in accruals related to business divestitures	(1)	—
Settlements made (in cash or in kind) during the period	(7)	(6)
Balance at end of period	$ 24	$ 22

In the second quarter of fiscal 2019, Adient recorded $7 million of warranty expense to correct a prior period error related to incurred but not yet reported warranty expense. Adient has concluded that this adjustment was not material to the consolidated financial statements for any period reported.

8. Leases

Adient adopted Accounting Standards Codification Topic 842, Leases (ASC 842), and all the related amendments using the modified retrospective method, without adjusting the comparative financial information, on October 1, 2019. As a result, financial information for reporting periods beginning on or after October 1, 2019 are presented in accordance with ASC 842. Upon adoption, Adient recognized right-of-use (ROU) assets of $380 million and corresponding lease liabilities of $384 million on October 1, 2019. The adoption date ROU asset balance was adjusted by $4 million, reflecting impairment of ROU assets for certain real estate leases (within the North America and Europe asset groups) of which the Company determined the carrying value of the initial operating lease ROU asset exceeded its fair value. The adjustment was recorded as an increase to the opening accumulated deficits. The adoption of ASC 842 did not have any significant impact on the consolidated statement of income or cash flows.

Adient's lease portfolio consists of operating leases for real estate including production facilities, warehouses and administrative offices, equipment such as forklifts and computer servers and laptops, and fleet vehicles. The Company has elected not to record leases with an initial term of 12 months or less on its consolidated statement of financial position.

A lease liability and corresponding ROU asset are recognized based on the present value of lease payments. To determine the present value of lease payments, the Company uses its incremental borrowing rate as of lease commencement. The incremental borrowing rate (IBR) is defined as the rate Adient would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. Adient primarily derives its IBR from its debt portfolio, adjusted for collateralization, lease term and jurisdictional factors. Adient's finance leases are not significant and are not included in the following disclosures.

The components of lease costs for the year ended September 30, 2020 were as follows:

(in millions)		Year Ended September 30, 2020
Operating lease cost	$	125
Short-term lease cost		24
Total lease cost	$	149

Operating lease right-of-use assets and lease liabilities included in the consolidated statement of financial position were as follows:

(in millions)			September 30, 2020
Operating lease right-of-use assets	Other noncurrent assets	$	334
Operating lease liabilities - current	Other current liabilities	$	95
Operating lease liabilities - noncurrent	Other noncurrent liabilities		244
		$	339

Maturities of operating lease liabilities and minimum payments for operating leases having initial or remaining non-cancelable terms in excess of one year as of September 30, 2020 were as follows:

Fiscal years (in millions)		Operating Leases
2021	$	112
2022		82
2023		65
2024		47
2025		37
Thereafter		65
Total lease payments		408
Less: imputed interest		(69)
Present value of lease liabilities	$	339

Future minimum operating lease payments accounted for under ASC 840 at September 30, 2019 were as follows:

Fiscal years (in millions)		Operating Leases
2020	$	119
2021		91
2022		64
2023		51
2024		40
After 2024		94
Total minimum lease payments	$	459

Supplemental cash flow information related to leases was as follows:

(in millions)	Year Ended September 30, 2020
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases (non-cash activity)	$ 79
Operating cash flows:	
Cash paid for amounts included in the measurement of lease liabilities	$ 125

The weighted average remaining lease term for Adient's operating leases as of September 30, 2020 was 5 years. The weighted average discount rate for Adient's operating leases as of September 30, 2020 was 5.9%.

9. Debt and Financing Arrangements

Long-term and short-term debt consisted of the following:

	September 30,	
(in millions)	2020	2019
Long-term debt:		
Term Loan B - LIBOR plus 4.00% due in 2024	$ 790	$ 798
4.875% Notes due in 2026	797	900
3.50% Notes due in 2024	1,173	1,094
7.00% Notes due in 2026	800	800
9.00% Notes due in 2025	600	—
European Investment Bank Loan - EURIBOR plus 1.58% due in 2022	—	180
Less: debt issuance costs	(55)	(56)
Gross long-term debt	4,105	3,716
Less: current portion	8	8
Net long-term debt	$ 4,097	$ 3,708
Short-term debt:		
European Investment Bank Loan - EURIBOR plus 1.58% due in 2022	$ 194	$ —
Other bank borrowings [1]	8	22
Total short-term debt	$ 202	$ 22

[1] The weighted average interest rates on short-term debts, based on levels of debt maintained in various jurisdictions, were 1.6% and 2.9% at September 30, 2020 and 2019, respectively.

Adient US LLC ("Adient US"), a wholly owned subsidiary of Adient, together with certain of Adient's other subsidiaries, maintains an asset-based revolving credit facility (the “ABL Credit Facility”), which provides for a revolving line of credit up to $1,250 million, including a North American subfacility of up to $950 million and a European subfacility of up to $300 million, subject to borrowing base capacity. The ABL Credit Facility will mature on May 6, 2024, subject to a springing maturity date 91 days earlier if certain amounts remain outstanding at that time under the Term Loan B Agreement (defined below). Interest is payable on the ABL Credit Facility at a fluctuating rate of interest determined by reference to the Eurodollar rate plus an applicable margin of 1.50% to 2.00%. Adient will pay a commitment fee of 0.25% to 0.375% on the unused portion of the commitments under the asset-based revolving credit facility based on average global availability. Letters of credit are limited to the lesser of (x) $150 million and (y) the aggregate unused amount of commitments under the ABL Credit Facility then in effect. Subject to certain conditions, the ABL Credit Facility may be expanded by up to $250 million in additional commitments. Loans under the ABL Credit Facility may be denominated, at the option of Adient, in U.S. dollars, Euros, Pounds Sterling or Swedish Kroner. The ABL Credit Agreement is secured on a first-priority lien on all accounts receivable, inventory and bank accounts (and funds on deposit therein) and a second-priority lien on all of the tangible and intangible assets of certain Adient subsidiaries. As of September 30, 2020, Adient had not drawn down on the ABL Credit Facility and had availability under this facility of $787 million (net of $138 million of letters of credit).

In addition, Adient US and Adient Global Holdings S.à r.l., a wholly-owned subsidiary of Adient, maintain a term loan credit agreement (the "Term Loan B Agreement") providing for a 5-year $800 million senior secured term loan facility that was fully drawn on closing. The Term Loan B Agreement amortizes in equal quarterly installments at a rate of 1.00% per annum of the original principal amount thereof, with the remaining balance due at final maturity on May 6, 2024. Interest on the Term Loan B Agreement accrues at the Eurodollar rate plus an applicable margin equal to 4.25% (with one 0.25% step down based on achievement of a specific secured net leverage level starting with the fiscal quarter ending December 31, 2019). The Term Loan B Agreement also permits Adient to incur incremental term loans in an aggregate amount not to exceed the greater of $750 million and an unlimited amount subject to a pro forma first lien secured net leverage ratio of not greater than 1.75 to 1.00 and certain other conditions.

Adient US is also a party to an indenture relating to the issuance of $800 million aggregate principal amount of Senior First Lien Notes. The notes mature on May 15, 2026 and bear interest at a rate of 7.00% per annum. Interest on these notes is payable semi-annually in arrears on November 15 and May 15 of each year, commencing on November 15, 2019.

The ABL Credit Facility, Term Loan B Agreement and the Senior First Lien Notes due 2026 contain covenants that are usual and customary for facilities and debt instruments of this type and that, among other things, restrict the ability of Adient and its restricted subsidiaries to: create certain liens and enter into sale and lease-back transactions; create, assume, incur or guarantee certain indebtedness; pay dividends or make other distributions on, or repurchase or redeem, Adient's capital stock or certain other debt; make other restricted payments; and consolidate or merge with, or convey, transfer or lease all or substantially all of Adient's and its restricted subsidiaries' assets, to another person. These covenants are subject to a number of other limitations and exceptions set forth in the agreements. The agreements also provide for customary events of default, including, but not limited to, cross-default clauses with other debt arrangements, failure to pay principal and interest, failure to comply with covenants, agreements or conditions, and certain events of bankruptcy or insolvency involving Adient and its significant subsidiaries.

Adient Global Holdings Ltd. ("AGH"), a wholly-owned subsidiary of Adient, maintains $900 million aggregate principal amount of 4.875% USD-denominated unsecured notes due 2026. During the fourth quarter of fiscal 2020, Adient redeemed $103 million of face value of these notes, resulting in a remaining balance of $797 million as of September 30, 2020. Adient recorded a gain of $3 million associated with this partial redemption. AGH also maintains €1.0 billion aggregate principal amount of 3.50% unsecured notes due 2024.

Adient Germany Ltd. & Co. KG, a wholly owned subsidiary of Adient, maintains €165 million in an unsecured term loan from the European Investment Bank ("EIB") due in 2022. The loan bears interest at the 6-month EURIBOR rate plus 158 basis points. Adient amended the EIB loan agreement as of June 30, 2020 to increase the net leverage ratio to 6.75x from 5.25x at June 30, 2020. The net leverage ratio requirements of 5.25x at September 30, 2020 and future step downs to 4.50x by the second quarter of fiscal 2021 were not adjusted. Adient is compliant with the net leverage ratio at September 30, 2020. However, due to the rise in COVID-19 infections across Europe and the Americas and the potential disruption to vehicle production that might occur at its customers, there is uncertainty whether compliance with this net leverage ratio over the next 12 months is achievable, which could require Adient to either obtain another amendment or waiver or to pay down the EIB loan. As a result, Adient has classified this debt as short term debt at September 30, 2020.

On April 20, 2020, Adient US offered $600 million (net proceeds of $591 million) aggregate principal amount of 9.00% Senior First Lien Notes due 2025. These notes will mature on April 15, 2025, provided that if Adient Global Holdings Ltd ("AGH") has not refinanced (or otherwise redeemed) in whole its outstanding 3.50% unsecured notes due 2024 or any refinancing indebtedness thereof that matures earlier than 91 days prior to the maturity date of the Senior First Lien Notes due 2025 on or prior to May 15, 2024, these notes will mature on May 15, 2024. Interest on these notes will be paid on April 15 and October 15 each year, beginning on October 15, 2020. These notes contain covenants that are usual and customary, similar to the covenants on the Senior First Lien Notes due 2026 as described above. Adient incurred $10 million of debt issuance cost associated with this new debt in fiscal 2020.

Principal payments required on long-term debt during the next five years are as follows:

	Year Ended September 30,				
(in millions)	2021	2022	2023	2024	2025
Principal payments	$ 8	$ 8	$ 8	$ 1,939	$ 600

Net Financing Charges

Adient's net financing charges in the consolidated statements of income (loss) contained the following components:

	Year Ended September 30,		
(in millions)	2020	2019	2018
Interest expense, net of capitalized interest costs	$ 216	$ 167	$ 142
Banking fees and debt issuance cost amortization	18	26	7
Interest income	(11)	(11)	(5)
Gain on partial extinguishment of debt	(3)	—	—
Net financing charges	$ 220	$ 182	$ 144

Banking fee expense in fiscal 2019 includes $13 million of one-time deferred financing fee charges associated with Adient's former debt arrangements. Total interest paid on both short and long-term debt for the fiscal years ended September 30, 2020, 2019 and 2018 was $203 million, $137 million and $143 million, respectively.

10. Derivative Instruments and Hedging Activities

Adient selectively uses derivative instruments to reduce Adient's market risk associated with changes in foreign currency. Under Adient's policy, the use of derivatives is restricted to those intended for hedging purposes; the use of any derivative instrument for speculative purposes is strictly prohibited. A description of each type of derivative utilized to manage Adient's risk is included in the following paragraphs. In addition, refer to Note 11, "Fair Value Measurements," of the notes to consolidated financial statements for information related to the fair value measurements and valuation methods utilized by Adient for each derivative type.

Adient has global operations and participates in the foreign exchange markets to minimize its risk of loss from fluctuations in foreign currency exchange rates. Adient primarily uses foreign currency exchange contracts to hedge certain foreign exchange rate exposures. Adient hedges 70% to 90% of the nominal amount of each of its known foreign exchange transactional exposures. Gains and losses on derivative contracts offset gains and losses on underlying foreign currency exposures. These contracts have been designated as cash flow hedges under ASC 815, "Derivatives and Hedging," and the hedge gains or losses due to changes in fair value are initially recorded as a component of accumulated other comprehensive income (AOCI) and are subsequently reclassified into earnings when the hedged transactions occur and affect earnings. During the second quarter of fiscal 2020, as a result of the COVID-19 impacts and the resulting interruptions to Adient's operations, a loss of $2 million related to ineffective hedges was reclassified to the consolidated statement of income. All contracts were highly effective in hedging the variability in future cash flows attributable to changes in currency exchange rates at September 30, 2020 and 2019, respectively.

As of September 30, 2020, the €1.0 billion aggregate principal amount of 3.50% euro-denominated unsecured notes due 2024 was designated as a net investment hedge to selectively hedge portions of Adient's net investment in Europe. The currency effects of Adient's euro-denominated bonds are reflected in the AOCI account within shareholders' equity attributable to Adient where they offset gains and losses recorded on Adient's net investment in Europe.

During the fourth quarter of fiscal 2020, Adient entered into a foreign exchange forward contract (¥1.6 billion) associated with the sale proceeds of the Yanfeng transaction. This contract expired prior to September 30, 2020.

Adient entered into cross-currency interest rate swaps during fiscal 2018 to selectively hedge portions of its net investment in Europe. The currency effects of the cross-currency interest rate swaps are reflected in the AOCI account within shareholders’ equity attributable to Adient, where they offset gains and losses recorded on Adient's net investment in Europe. During the second quarter of fiscal 2020, Adient settled one remaining cross-currency interest rate swap for $10 million in proceeds, resulting in no outstanding Euro denominated cross-currency interest rate swaps as of September 30, 2020.

Adient entered into a cross-currency interest rate swap during fiscal 2019 to selectively hedge portions of its net investment in Japan. The currency effects of the cross-currency interest rate swap is reflected in the AOCI account within shareholders' equity attributable to Adient, where they offset gains and losses recorded on Adient's net investment in Japan. As of September 30, 2020, Adient had one cross-currency interest rate swap outstanding totaling approximately ¥11 billion designated as a net investment hedge in Adient's net investment in Japan.

Adient purchased interest rate caps during fiscal 2019 to selectively limit the impact of USD LIBOR increases on its interest payments related to Adient's Term Loan B Agreement. The interest rate caps are designated as cash flow hedges under ASC 815. As of September 30, 2020, Adient had two outstanding interest rate caps with a total notional amount of approximately $200 million.

Adient entered into a ¥950 million foreign exchange forward contract during the first quarter of fiscal 2020 to selectively hedge portions of its net investment in China. The currency effects of the forward contract are reflected in the AOCI account within shareholders' equity attributable to Adient, where they offset gains and losses recorded on Adient's net investment in China. The forward contract matured in June 2020.

The following table presents the location and fair values of derivative instruments and other amounts used in hedging activities included in Adient's consolidated statements of financial position:

	Derivatives and Hedging Activities Designated as Hedging Instruments under ASC 815		**Derivatives and Hedging Activities Not Designated as Hedging Instruments under ASC 815**	
	September 30,			
(in millions)	**2020**	**2019**	**2020**	**2019**
Other current assets				
Foreign currency exchange derivatives	$ 5	$ 5	$ —	$ 3
Cross-currency interest rate swaps	—	12	—	—
Other noncurrent assets				
Foreign currency exchange derivatives	—	—	—	1
Interest rate cap	—	1	—	—
Cross-currency interest rate swaps	—	1	—	—
Total assets	$ 5	$ 19	$ —	$ 4
Other current liabilities				
Foreign currency exchange derivatives	$ 34	$ 12	$ —	$ —
Cross-currency interest rate swaps	1	—	—	—
Other noncurrent liabilities				
Foreign currency exchange derivatives	5	3	—	—
Long-term debt				
Foreign currency denominated debt	1,173	1,094	—	—
Total liabilities	$ 1,213	$ 1,109	$ —	$ —

Adient enters into International Swaps and Derivatives Associations (ISDA) master netting agreements with counterparties that permit the net settlement of amounts owed under the derivative contracts. The master netting agreements generally provide for net settlement of all outstanding contracts with a counterparty in the case of an event of default or a termination event. Adient has not elected to offset the fair value positions of the derivative contracts recorded in the consolidated statements of financial position. Collateral is generally not required of Adient or the counterparties under the master netting agreements. As of September 30, 2020 and 2019, no cash collateral was received or pledged under the master netting agreements.

The gross and net amounts of derivative instruments and other amounts used in hedging activities are as follows:

	Assets		Liabilities	
	September 30,			
(in millions)	2020	2019	2020	2019
Gross amount recognized	$ 5	$ 23	$ 1,213	$ 1,109
Gross amount eligible for offsetting	(5)	(9)	(5)	(9)
Net amount	$ —	$ 14	$ 1,208	$ 1,100

The following table presents the effective portion of pretax gains (losses) recorded in other comprehensive income related to cash flow hedges:

	Year Ended September 30,		
(in millions)	2020	2019	2018
Foreign currency exchange derivatives	$ (37)	$ (5)	$ (9)

The following table presents the location and amount of the effective portion of pretax gains (losses) on cash flow hedges reclassified from AOCI into Adient's consolidated statements of income:

		Year Ended September 30,		
(in millions)		2020	2019	2018
Foreign currency exchange derivatives	Cost of sales	$ (16)	$ (4)	$ (3)

The following table presents the location and amount of pretax gains (losses) on derivatives not designated as hedging instruments recognized in Adient's consolidated statements of income (loss):

		Year Ended September 30,		
(in millions)		2020	2019	2018
Foreign currency exchange derivatives	Cost of sales	$ (4)	$ (2)	$ 4
Equity swap	Selling, general and administrative	—	(13)	(25)
Foreign currency exchange derivatives	Net financing charges	1	5	(5)
Total		$ (3)	$ (10)	$ (26)

The effective portion of pretax gains (losses) recorded in currency translation adjustment (CTA) within other comprehensive income (loss) related to net investment hedges was $(84) million, $74 million and $31 million for the fiscal years ended September 30, 2020, 2019 and 2018, respectively. For the years ended September 30, 2020, 2019 and 2018, respectively, no gains or losses were reclassified from CTA into income for Adient's outstanding net investment hedges. For the year ended September 30, 2020, a loss of $2 million was recognized in the consolidated statement of income (loss) for the ineffective portion of cash flow hedges. For the years ended September 30, 2019 and 2018, no gains or losses were recognized in income for the ineffective portion of cash flow hedges.

11. Fair Value Measurements

ASC 820, "Fair Value Measurement," defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs where there is little or no market data, which requires the reporting entity to develop its own assumptions.

ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

Recurring Fair Value Measurements

The following tables present Adient's fair value hierarchy for those assets and liabilities measured at fair value. Refer to Note 14, "Retirement Plans," of the notes to consolidated financial statements for fair value tables of pension assets.

		Fair Value Measurements Using:		
(in millions)	**Total as of September 30, 2020**	**Quoted Prices in Active Markets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Other current assets				
Foreign currency exchange derivatives	$ 5	$ —	$ 5	$ —
Other noncurrent assets				
Interest rate cap	—	—	—	—
Total assets	$ 5	$ —	$ 5	$ —
Other current liabilities				
Foreign currency exchange derivatives	$ 34	$ —	$ 34	$ —
Cross currency interest rate swaps	1	—	1	—
Other noncurrent liabilities				
Foreign currency exchange derivatives	5	—	5	—
Total liabilities	$ 40	$ —	$ 40	$ —

(in millions)	Total as of September 30, 2019	Fair Value Measurements Using: Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Other current assets				
Foreign currency exchange derivatives	$ 8	$ —	$ 8	$ —
Cross-currency interest rate swaps	12	—	12	—
Other noncurrent assets				
Foreign currency exchange derivatives	1	—	1	—
Cross-currency interest rate swaps	1	—	1	—
Interest rate cap	1	—	1	—
Total assets	$ 23	$ —	$ 23	$ —
Other current liabilities				
Foreign currency exchange derivatives	$ 12	$ —	$ 12	$ —
Other noncurrent liabilities				
Foreign currency exchange derivatives	3	—	3	—
Total liabilities	$ 15	$ —	$ 15	$ —

Valuation Methods

Foreign currency exchange derivatives Adient selectively hedges anticipated transactions and net investments that are subject to foreign exchange rate risk primarily using foreign currency exchange hedge contracts. The foreign currency exchange derivatives are valued under a market approach using publicized spot and forward prices. Changes in fair value on foreign exchange derivatives accounted for as hedging instruments under ASC 815 are initially recorded as a component of AOCI and are subsequently reclassified into earnings when the hedged transactions occur and affect earnings. These contracts were highly effective in hedging the variability in future cash flows attributable to changes in currency exchange rates at September 30, 2020 and 2019, respectively. The changes in fair value of foreign currency exchange derivatives not designated as hedging instruments under ASC 815 are recorded in the consolidated statements of income.

Cross-currency interest rate swaps Adient selectively uses cross-currency interest rate swaps to hedge portions of its net investments. During fiscal 2018, Adient entered into two floating to floating cross-currency interest rate swaps totaling approximately €160 million designated as net investment hedges in Adient's net investment in Europe. One of the cross-currency interest rate swaps was settled during fiscal 2019 while the other was settled during fiscal 2020. During fiscal 2019, Adient entered into one floating to floating cross-currency interest rate swap totaling ¥11 billion designated as a net investment hedge in Adient's net investment in Japan. As of September 30, 2020, Adient had one ¥11 billion cross-currency interest rate swap outstanding.

Interest rate caps Adient selectively uses interest rate caps to limit the impact of floating rate interest payment increases on its Term Loan B Agreement. The interest rate caps are designated as cash flow hedges under ASC 815. As of September 30, 2020, Adient had two interest rate caps outstanding totaling approximately $200 million.

The fair value of cash and cash equivalents, accounts receivable, short-term debt and accounts payable approximate their carrying values. The fair value of long-term debt, which was $4.1 billion and $3.4 billion at September 30, 2020 and 2019, respectively, was determined primarily using market quotes classified as Level 1 inputs within the ASC 820 fair value hierarchy.

12. Stock-Based Compensation

Adient provides certain key employees equity awards in the form of restricted stock units (RSU) and performance share units (PSUs) under the Adient plc 2016 Omnibus Incentive Plan (the Plan) and provides directors with share awards under the Adient plc 2016 Director Share Plan. These plans were adopted in conjunction with the separation.

Total stock-based compensation cost included in the consolidated statements of income was $15 million, $20 million and $47 million for the fiscal years ended September 30, 2020, 2019 and 2018, respectively. No income tax benefits were recognized in the consolidated statements of income for the share-based compensation arrangements in any of these years due to tax valuation allowances in those years.

In conjunction with the separation, previously outstanding stock-based compensation awards granted under the former Parent's equity compensation programs prior to the separation and held by certain executives and employees of Adient were adjusted and converted into new Adient equity awards using a formula designated to preserve the intrinsic value of the awards. Upon the separation on October 31, 2016, holders of former Parent stock options, RSUs, and SARs generally received one ordinary share of Adient for every ten ordinary shares of the former parent held at the close of business on October 19, 2016, the record date of the distribution, and cash in lieu of fractional shares (if any) of Adient. Accordingly, certain executives and employees of Adient hold converted awards in both the former Parent and Adient shares subsequent to the separation. Converted awards retained the vesting schedule and expiration date of the original awards. Outstanding stock awards related to the former Parent stock are not included in Adient's dilutive share calculation.

The following tables present activity related to the conversion and granting of awards during the year ended September 30, 2020 along with the composition of outstanding and exercisable awards at September 30, 2020 for remaining former Parent and new Adient awards.

Restricted Stock

The Plan provides for the award of restricted stock or restricted stock units to certain employees. These awards are typically share settled except for certain non-U.S. employees or those who elected to defer past awards settlement until retirement at which point the award would be settled in cash. Cash settled awards are recorded in Adient's consolidated statements of financial position as a liability and adjusted each reporting period for changes in share value until the settlement of the award. Restricted stock awards typically vest over a three year period following the grant date. The Plan allows for different vesting terms on specific grants with approval by Adient's board of directors.

A summary of the status of nonvested restricted stock awards at September 30, 2020, and changes for the fiscal year then ended, is presented below:

	Weighted Average Price	Shares/Units Subject to Restriction
Nonvested, September 30, 2019	$ 42.19	558,932
Granted	$ 18.84	1,189,567
Vested	$ 43.95	(287,300)
Forfeited	$ 28.21	(126,360)
Nonvested, September 30, 2020	$ 22.27	1,334,839

At September 30, 2020, Adient had approximately $18 million of total unrecognized compensation cost related to nonvested restricted stock arrangements granted. That cost is expected to be recognized over a weighted-average period of 1.6 years.

Performance Share Awards

The Plan permits the grant of PSU awards. The number of PSUs granted is equal to the PSU award value divided by the closing price of a Adient ordinary share at the grant date. The PSUs are generally contingent on the achievement of predetermined performance goals over a three-year performance period as well as on the award holder's continuous employment until the vesting date. Each PSU that is earned will be settled with an ordinary share of Adient following the completion of the performance period except for certain non-U.S. employees or those who elected to defer a portion or all of past awards until retirement, which would then be settled in cash. Cash settled awards are recorded in Adient's consolidated statements of financial position as a liability and adjusted each reporting period for changes in share value until the settlement of the award.

A summary of the status of Adient's nonvested PSUs at September 30, 2020, and changes for the fiscal year then ended is presented below:

	Weighted Average Price	Shares/Units Subject to PSU
Nonvested, September 30, 2019	$ 34.61	632,072
Granted	$ 20.69	497,335
Vested	$ 44.60	(153,020)
Forfeited	$ 24.52	(72,986)
Nonvested, September 30, 2020	$ 26.07	903,401

At September 30, 2020, Adient had approximately $6 million of total unrecognized compensation cost related to nonvested performance share units granted. That cost is expected to be recognized over a weighted-average period of 1.7 years.

Stock Options

No new stock options have been granted under the Plan. Stock options were previously granted to eligible employees prior to the separation from the former Parent. Stock option awards typically vest between two and three years after the grant date and expire ten years from the grant date. The fair value of each option was estimated on the date of grant using a Black-Scholes option valuation model.

A summary of stock option activity at September 30, 2020, and changes for the year then ended, is presented below:

	Weighted Average Option Price	Shares Subject to Option	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value (in millions)
Outstanding, September 30, 2019	$ 38.25	591,630		
Exercised	$ 27.53	(50,900)		
Forfeited or expired	$ 26.79	(29,231)		
Outstanding, September 30, 2020	$ 40.09	511,499	3.4	$ 2
Exercisable, September 30, 2020	$ 40.09	511,499	3.4	$ 2
Former Parent outstanding and exercisable, September 30, 2020	$ 40.29	437,562	3.5	$ 2
Adient outstanding and exercisable, September 30, 2020	$ 38.93	73,937	2.7	$ —
Total outstanding and exercisable, September 30, 2020	$ 40.09	511,499	3.4	$ 2

There were no stock options granted in fiscal years 2020, 2019 and 2018 respectively. The total intrinsic value of options exercised by Adient employees during the fiscal years ended September 30, 2020, 2019 and 2018 was approximately $1 million, $5 million and $7 million, respectively, primarily consisting of former Parent awards.

Stock Appreciation Rights

No new SARs have been granted under the Plan. SARs vest under the same terms and conditions as stock option awards; however, they are settled in cash for the difference between the market price on the date of exercise and the exercise price. As a result, SARs are recorded in Adient's consolidated statements of financial position as a liability until the date of exercise.

The fair value of each SAR award is estimated using a similar method described for stock options. The fair value of each SAR award is recalculated at the end of each reporting period and the liability and expense are adjusted based on the new fair value.

A summary of SAR activity at September 30, 2020, and changes for the year then ended, is presented below:

	Weighted Average SAR Price	Shares Subject to SAR	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value (in millions)
Outstanding, September 30, 2019	$ 30.24	291,464		
Exercised	$ 26.85	(105,377)		
Forfeited or expired	$ 25.12	(14,987)		
Outstanding, September 30, 2020	$ 32.78	171,100	2.4	$ 2
Exercisable, September 30, 2020	$ 32.78	171,100	2.4	$ 2
Former Parent outstanding and exercisable, September 30, 2020	$ 32.48	154,857	2.4	$ 2
Adient outstanding and exercisable, September 30, 2020	$ 35.72	16,243	2.4	$ —
Total outstanding and exercisable, September 30, 2020	$ 32.78	171,100	2.4	$ 2

In conjunction with the exercise of SARs, Adient made payments of $1 million, $1 million and $3 million during the fiscal years ended September 30, 2020, 2019 and 2018, respectively.

13. Equity and Noncontrolling Interests

The following table presents changes in AOCI attributable to Adient:

	Year Ended September 30,		
(in millions)	**2020**	**2019**	**2018**
Foreign currency translation adjustments			
Balance at beginning of period	$ (558)	$ (523)	$ (398)
Aggregate adjustment for the period, net of tax	(76)	(35)	(125)
Balance at end of period	(634)	(558)	(523)
Realized and unrealized gains (losses) on derivatives			
Balance at beginning of period	(8)	(7)	3
Current period changes in fair value, net of tax	(34)	(5)	(13)
Reclassification to income, net of tax	14	4	3
Balance at end of period	(28)	(8)	(7)
Pension plans			
Balance at beginning of period	(3)	(1)	(2)
Net reclassifications to AOCI	—	(2)	1
Balance at end of period	(3)	(3)	(1)
Accumulated other comprehensive income (loss), end of period	$ (665)	$ (569)	$ (531)

Adient consolidates certain subsidiaries in which the noncontrolling interest party has within their control the right to require Adient to redeem all or a portion of its interest in the subsidiary. These redeemable noncontrolling interests are reported at their estimated redemption value. Any adjustment to the redemption value impacts retained earnings but does not impact net income. Redeemable noncontrolling interests which are redeemable only upon future events, the occurrence of which is not currently probable, are recorded at carrying value. The following table presents changes in the redeemable noncontrolling interests:

(in millions)	Year Ended September 30, 2020	2019	2018
Beginning balance	$ 51	$ 47	$ 28
Net income	19	30	24
Foreign currency translation adjustments	(4)	3	1
Dividends	(23)	(29)	(7)
Change in noncontrolling interest share	—	—	1
Ending balance	$ 43	$ 51	$ 47

During March 2017, Adient declared a dividend of $0.275 per ordinary share, which was paid in April 2017. In July 2017, Adient declared a dividend of $0.275 per ordinary share, which was paid in August 2017. In September 2017, Adient declared a dividend of $0.275 per ordinary share, which was paid in November 2017. In November 2017, Adient declared a dividend of $0.275 per ordinary share, which was paid in February 2018. In March 2018, Adient declared a dividend of $0.275 per ordinary share, which was paid in May 2018. In June 2018, Adient declared a dividend of $0.275 per ordinary share, which was paid in August 2018. In October 2018, Adient declared a dividend of $0.275 per ordinary share, which was paid in November 2018. Adient suspended its cash dividends following the dividend paid in the first quarter of fiscal 2019.

14. Retirement Plans

Pension Benefits

Adient maintains non-contributory defined benefit pension plans covering primarily non-U.S. employees and a limited number of U.S. employees. The benefits provided are primarily based on years of service and average compensation or a monthly retirement benefit amount. Funding for non-U.S. plans observes the local legal and regulatory limits. Funding for U.S. pension plans equals or exceeds the minimum requirements of the Employee Retirement Income Security Act of 1974.

For pension plans with accumulated benefit obligations (ABO) that exceed plan assets, the projected benefit obligation (PBO), ABO and fair value of plan assets of those plans were $225 million, $201 million and $79 million, respectively, as of September 30, 2020 and $257 million, $230 million and $105 million, respectively, as of September 30, 2019.

In fiscal 2020, Adient paid contributions to the defined benefit pension plans of $19 million. Contributions of at least $17 million in cash to its defined benefit pension plans are expected in fiscal 2021. Projected benefit payments from the plans as of September 30, 2020 are estimated as follows (in millions):

2021	$ 21
2022	24
2023	22
2024	24
2025	26
2026-2030	168

Savings and Investment Plans

Adient sponsors various defined contribution savings plans that allow employees to contribute a portion of their pre-tax and/or after-tax income in accordance with plan specified guidelines. Under specified conditions, Adient will contribute to certain savings plans based on the employees' eligible pay and/or will match a percentage of the employee contributions up to certain limits. Matching contributions expense in connection with these plans amounted to $36 million and $56 million for fiscal years 2020 and 2019, respectively.

Plan Assets

Adient's investment policies employ an approach whereby a mix of equities, fixed income and alternative investments are used to maximize the long-term return of plan assets for a prudent level of risk. The investment portfolio primarily contains a diversified blend of equity and fixed income investments. Equity investments are diversified across domestic and non-domestic stocks, as well as growth, value and small to large capitalizations. Fixed income investments include corporate and government issues, with short-, mid- and long-term maturities, with a focus on investment grade when purchased and a target duration close to that of the plan liability. Investment and market risks are measured and monitored on an ongoing basis through regular investment portfolio reviews, annual liability measurements and periodic asset/liability studies. The majority of the real estate component of the portfolio is invested in a diversified portfolio of high-quality, operating properties with cash yields greater than the targeted appreciation. Investments in other alternative asset classes, including hedge funds and commodities, diversify the expected investment returns relative to the equity and fixed income investments. As a result of Adient's diversification strategies, there are no significant concentrations of risk within the portfolio of investments.

Adient's actual asset allocations are in line with target allocations. Adient rebalances asset allocations as appropriate, in order to stay within a range of allocation for each asset category.

The expected return on plan assets is based on Adient's expectation of the long-term average rate of return of the capital markets in which the plans invest. The average market returns are adjusted, where appropriate, for active asset management returns. The expected return reflects the investment policy target asset mix and considers the historical returns earned for each asset category. Adient's plan assets by asset category, are as follows:

	Fair Value Measurements Using:				
(in millions)	**Total as of September 30, 2020**	**Quoted Prices in Active Markets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Net Asset Value (NAV)**
Pension					
Cash	$ 37	$ 37	$ —	$ —	$ —
Equity Securities					
Domestic	15	1	7	—	7
International - Developed	51	29	11	—	11
International - Emerging	3	—	3	—	—
Fixed Income Securities					
Government	219	63	128	—	28
Corporate/Other	64	42	11	—	11
Hedge Fund	75	—	75	—	—
Real Estate	22	—	—	6	16
Total	$ 486	$ 172	$ 235	$ 6	$ 73

(in millions)	Total as of September 30, 2019	Fair Value Measurements Using: Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Pension					
Cash	$ 31	$ 31	$ —	$ —	$ —
Equity Securities					
Domestic	15	2	7	—	6
International - Developed	49	36	10	—	3
International - Emerging	5	2	3	—	—
Fixed Income Securities					
Government	218	75	117	—	26
Corporate/Other	66	55	—	—	11
Hedge Fund	65	—	65	—	—
Real Estate	21	—	—	6	15
Total	$ 470	$ 201	$ 202	$ 6	$ 61

The following is a description of the valuation methodologies used for assets measured at fair value.

Cash: The fair value of cash is valued at cost.

Equity Securities: The fair value of equity securities is determined by direct quoted market prices. The underlying holdings are direct quoted market prices on regulated financial exchanges.

Fixed Income Securities: The fair value of fixed income securities is determined by direct or indirect quoted market prices. If indirect quoted market prices are utilized, the value of assets held in separate accounts is not published, but the investment managers report daily the underlying holdings. The underlying holdings are direct quoted market prices on regulated financial exchanges.

Hedge Funds: The fair value of hedge funds is determined by the custodian. The custodian obtains valuations from underlying managers based on market quotes for the most liquid assets and alternative methods for assets that do not have sufficient trading activity to derive prices. Adient and custodian review the methods used by the underlying managers to value the assets. Adient believes this is an appropriate methodology to obtain the fair value of these assets.

Real Estate: The fair value of certain investments in real estate is deemed Level 3 since these investments do not have a readily determinable fair value and requires the fund managers independently to arrive at fair value by calculating NAV per share. In order to calculate NAV per share, the fund managers value the real estate investments using any one, or a combination of, the following methods: independent third party appraisals, discounted cash flow analysis of net cash flows projected to be generated by the investment and recent sales of comparable investments. Assumptions used to revalue the properties are updated every quarter. Adient believes this is an appropriate methodology to obtain the fair value of these assets.

Investments at NAV: For mutual or collective funds where a NAV is not publicly quoted, the NAV per share is used as a practical expedient and is based on the quoted market prices of the underlying net assets of the fund as reported daily by the fund managers. Funds valued based on NAV per share as a practical expedient are not categorized within the fair value hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Adient believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following sets forth a summary of changes in the fair value of pension assets measured using significant unobservable inputs (Level 3):

(in millions)	Real Estate
Pension	
Asset value as of September 30, 2018	$ 6
Redemptions	—
Asset value as of September 30, 2019	$ 6
Redemptions	—
Asset value as of September 30, 2020	$ 6

Funded Status

The table that follows contains the ABO and reconciliations of the changes in the PBO, the changes in plan assets and the funded status:

	Pension Benefits	
(in millions)	**2020**	**2019**
Accumulated Benefit Obligation	$ 582	$ 571
Change in Projected Benefit Obligation:		
Projected benefit obligation at beginning of year	$ 598	$ 547
Service cost	7	7
Interest cost	10	13
Actuarial (gain) loss	16	96
Benefits paid	(22)	(40)
Settlements and curtailments	(11)	—
Divestitures	(12)	—
Currency translation adjustment	20	(25)
Projected benefit obligation at end of year	$ 606	$ 598
Change in Plan Assets:		
Fair value of plan assets at beginning of year	$ 470	$ 449
Actual return on plan assets	12	63
Employer contributions/(distributions)	19	19
Benefits paid	(22)	(40)
Settlements and curtailments	(10)	—
Divestitures	(1)	—
Currency translation adjustment	18	(21)
Fair value of plan assets at end of year	$ 486	$ 470
Funded status	$ (120)	$ (128)
Amounts recognized in the statement of financial position consist of:		
Prepaid benefit cost	$ 26	$ 24
Accrued benefit liability	(146)	(152)
Net amount recognized	$ (120)	$ (128)

	Pension Benefits			
	U.S. Plans		Non-U.S. Plans	
	2020	2019	2020	2019
Weighted Average Assumptions [1]:				
Discount rate [2]	2.91 %	3.22 %	1.87 %	1.85 %
Rate of compensation increase	NA	NA	3.64 %	3.54 %

[1] Plan assets and obligations are determined based on a September 30 measurement date.

[2] Adient considers the expected benefit payments on a plan-by-plan basis when setting assumed discount rates. As a result, Adient uses different discount rates for each plan depending on the plan jurisdiction, the demographics of participants and the expected timing of benefit payments. For the U.S. pension plan, Adient uses a discount rate provided by an independent third party calculated based on an appropriate mix of high quality bonds. For the non-U.S. pension plans, Adient consistently uses the relevant country specific benchmark indices for determining the various discount rates.

Accumulated Other Comprehensive Income

The amounts in AOCI on the consolidated statements of financial position, exclusive of tax impacts, that have not yet been recognized as components of net periodic benefit cost at September 30, 2020 and 2019 were $3 million and $3 million, respectively, related to pension benefits.

The amounts in AOCI expected to be recognized as components of net periodic benefit cost over the next fiscal year for pension and postretirement benefits are not significant.

Net Periodic Benefit Cost

The tables that follow contain the components and key assumptions of net periodic benefit cost related to Adient's pension plans:

	Pension Benefits		
(in millions)	2020	2019	2018
Components of Net Periodic Benefit Cost (Credit):			
Service cost	$ 7	$ 7	$ 8
Interest cost	10	13	14
Expected return on plan assets	(19)	(18)	(18)
Net actuarial (gain) loss	22	49	(24)
Settlement (gain) loss	1	2	—
Net periodic benefit cost (credit)	$ 21	$ 53	$ (20)

A $15 million settlement gain was recorded in fiscal 2018 related to the termination of a postretirement plan.

	Pension Benefits					
	U.S. Plans			Non-U.S. Plans		
	2020	2019	2018	2020	2019	2018
Expense Assumptions:						
Discount rate	3.34 %	4.29 %	3.85 %	1.85 %	2.71 %	2.62 %
Expected return on plan assets	5.00 %	5.00 %	5.15 %	4.01 %	4.08 %	4.19 %
Rate of compensation increase	N/A	NA	NA	3.66 %	3.46 %	3.53 %

15. Restructuring and Impairment Costs

To better align its resources with its overall strategies and reduce the cost structure of its global operations to address the softness in certain underlying markets, Adient commits to restructuring plans as necessary.

During fiscal 2020, Adient committed to a restructuring plan ("2020 Plan") of $205 million. Of the restructuring costs recorded, $20 million relates to the Americas segment, $175 million relates to the EMEA segment and $10 million relates to the Asia segment. The restructuring actions relate to cost reduction initiatives and consist primarily of workforce reductions. The restructuring actions are expected to be substantially completed by fiscal 2024. Also recorded in fiscal 2020 is $20 million of prior year underspend.

The following table summarizes the changes in Adient's 2020 Plan reserve:

(in millions)	Employee Severance and Termination Benefits	Other	Currency Translation	Total
Original Reserve	$ 203	$ 2	$ —	$ 205
Utilized—cash	(35)	—	—	(35)
Noncash adjustment—other	—	(2)	1	(1)
Balance at September 30, 2020	$ 168	$ —	$ 1	$ 169

During fiscal 2019, Adient committed to a restructuring plan ("2019 Plan") of $105 million. Of the restructuring costs recorded, $81 million relates to the EMEA segment, $16 million relates to the Americas segment and $8 million relates to the Asia segment. The restructuring actions relate to cost reduction initiatives and consist primarily of workforce reductions. The restructuring actions are expected to be substantially completed by fiscal 2021. Also recorded in fiscal 2019 is $16 million of prior year underspend, a $9 million increase to a prior year reserve and $6 million of recoveries from a customer related to previous restructuring charges.

The following table summarizes the changes in Adient's 2019 Plan reserve:

(in millions)	Employee Severance and Termination Benefits	Other	Currency Translation	Total
Original Reserve	$ 101	$ 4	$ —	$ 105
Utilized—cash	(32)	—	—	(32)
Utilized—noncash	—	(1)	(2)	(3)
Balance at September 30, 2019	$ 69	$ 3	$ (2)	$ 70
Utilized—cash	(30)	—	—	(30)
Utilized—noncash	—	—	2	2
Noncash adjustment—underspend	(7)	—	—	(7)
Balance at September 30, 2020	$ 32	$ 3	$ —	$ 35

In fiscal 2018, Adient committed to a restructuring plan ("2018 Plan") of $71 million that was offset by $20 million of underspend in the 2016 Plan and $5 million of underspend related to other plan years. Of the restructuring costs recorded, $52 million relates to the EMEA segment, $10 million relates to the Asia segment and $9 million relates to the Americas segment. In fiscal 2019 there was adjustment to this plan which resulted in additional $9 million of charges. This is the total amount expected to be incurred for this restructuring plan. The restructuring actions relate to cost reduction initiatives and consist primarily of workforce reductions. The restructuring actions are expected to be substantially completed by fiscal 2021.

The following table summarizes the changes in Adient's 2018 Plan reserve:

(in millions)	Employee Severance and Termination Benefits	Other	Currency Translation	Total
Original Reserve	$ 68	$ 3	$ —	$ 71
Utilized—cash	(19)	—	—	(19)
Utilized—noncash	—	(2)	(2)	(4)
Balance at September 30, 2018	49	1	(2)	48
Reserve adjustment	9	—	—	9
Utilized—cash	(24)	—	—	(24)
Utilized—noncash	—	(1)	(2)	(3)
Noncash adjustment—underspend	(10)	—	—	(10)
Balance at September 30, 2019	$ 24	$ —	$ (4)	$ 20
Utilized—cash	(9)	—	—	(9)
Utilized—noncash	—	—	1	1
Noncash adjustment—underspend	(7)	—	—	(7)
Balance at September 30, 2020	$ 8	$ —	$ (3)	$ 5

In fiscal 2017, Adient committed to a restructuring plan ("2017 Plan") and recorded $46 million of restructuring and impairment costs in the consolidated statements of income. Of the restructuring costs recorded, $34 million relates to the EMEA segment, $7 million relates to the Americas segment and $5 million relates to the Asia segment. This is the total amount expected to be incurred for this restructuring plan. The restructuring actions relate to cost reduction initiatives and consist primarily of workforce reductions and plant closures. The restructuring actions were substantially completed in fiscal 2020. There were no material changes during fiscal 2020 to the 2017 Plan reserve balance at September 30, 2020 of $3 million.

In fiscal 2016, Adient committed to a restructuring plan ("2016 Plan") and recorded $332 million of restructuring and impairment costs in the consolidated statements of income. This is the total amount expected to be incurred for this restructuring plan. The restructuring actions relate to cost reduction initiatives and consist primarily of workforce reductions, plant closures and asset impairments. Of the restructuring and impairment costs recorded, $298 million relates to the EMEA segment, $32 million relates to the Americas segment and $2 million relates to the Asia segment. The asset impairment charge recorded during fiscal 2016 related primarily to information technology assets within the EMEA segment that will not be used going forward by Adient. The restructuring actions are expected to be substantially complete in fiscal 2021. There were no material changes during fiscal 2020 to the 2016 Plan reserve balance at September 30, 2020 of $25 million. Since the announcement of the 2016 Plan in fiscal 2016, Adient has experienced lower employee severance and termination benefit cash payouts than previously calculated of approximately $20 million, due to changes in cost reduction actions. The planned workforce reductions disclosed for the 2016 Plan have been updated for Adient's revised actions.

Adient's restructuring plans have included workforce reductions of approximately 17,000. Restructuring charges associated with employee severance and termination benefits are paid over the severance period granted to each employee or on a lump sum basis in accordance with individual severance agreements. As of September 30, 2020, approximately 12,000 of the employees have been separated from Adient pursuant to the restructuring plans. In addition, the restructuring plans included twenty-three plant closures. As of September 30, 2020, seventeen of the twenty-three plants have been closed.

Adient's management closely monitors its overall cost structure and continually analyzes each of its businesses for opportunities to consolidate current operations, improve operating efficiencies and locate facilities in low cost countries in close proximity to customers. This ongoing analysis includes a review of its manufacturing, engineering, purchasing and administrative functions, as well as the overall global footprint for all its businesses. Because of the importance of new vehicle sales by major automotive manufacturers to operations, Adient is affected by the general business conditions in the automotive industry. Future adverse developments in the automotive industry, particularly related to the COVID-19 pandemic, could impact Adient's liquidity position, lead to impairment charges and/or require additional restructuring of its operations.

16. Impairment of Long-Lived Assets

Adient reviews long-lived assets, including property, plant and equipment and other intangible assets with definite lives, for impairment whenever events or changes in circumstances indicate that the asset's carrying amount may not be recoverable. Adient conducts its long-lived asset impairment analyses in accordance with ASC 360, "Impairment or Disposal of Long-Lived Assets." ASC 360 requires Adient to group assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and evaluate the asset group against the sum of the undiscounted future cash flows. If the undiscounted cash flows do not indicate the carrying amount of the asset is recoverable, an impairment charge is measured as the amount by which the carrying amount of the asset group exceeds its fair value based on discounted cash flow analysis or appraisals.

During the fourth quarter of fiscal 2020, a pre-tax non-cash impairment of $21 million was recorded on certain assets held for sale (of which $12 million related to America’s assets and $9 million related to China’s assets), and $5 million was recorded in the Asia segment related to long-lived assets within a separate China entity due to an overall decline in the forecasted operations within that business. During the third quarter of fiscal 2020, a pre-tax non-cash impairment of $27 million was recorded in the Asia segment related to customer relationship intangible assets of $24 million and other long-lived assets of $3 million within the Futuris China business due to an overall decline in forecasted operations within that business. All of the fiscal 2020 impairment charges are recorded within restructuring and impairment costs on the consolidated statement of income (loss). Refer to Note 3, “Acquisitions and Divestitures” of the notes to the consolidated financial statements for additional information on assets held for sale. Refer to Note 6, "Goodwill and Other Intangible Assets," of the notes to the consolidated financial statements for additional information on impairment of customer relationship intangible assets.

During the fourth quarter of fiscal 2019, Adient recorded impairment on certain assets held for sale resulting in an impairment charge of $12 million which was recorded within restructuring and impairment costs on the consolidated statement of income (loss). In the second quarter of fiscal 2019, Adient concluded it had triggering events requiring assessment of impairment for certain of its long-lived assets in the seat structure and mechanism operations due to declines in actual and forecasted performance that worsened during the second quarter of fiscal 2019 as compared to originally forecasted results. As a result, Adient reviewed the long-lived assets for impairment and recorded a $66 million non-cash pre-tax impairment charge within restructuring and impairment costs on the consolidated statements of income (loss). The impairment charge related to long-lived assets in North America and Europe asset groups as of March 31, 2019 in support of current programs. Of the $66 million impairment charge, $62 million related to fixed assets, and $4 million related to customer relationship intangible assets. The impairment was measured under a market approach utilizing appraisal techniques to determine fair values of the impaired assets. This method is consistent with methods Adient employed in prior periods to value other long-lived assets. The inputs utilized in the analysis are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair value measurement" and primarily consist of estimated salable values and third party appraisal techniques such as market comparables. To the extent that the profitability on current or future programs decline as compared to forecasted profitability or if adverse changes occur to key assumptions or other fair value measurement inputs, further impairment of long-lived assets could occur in the future. During the first quarter of fiscal 2019, impairments of $6 million were recorded related to assets held for sale.

In the fourth quarter of fiscal 2018, Adient concluded it had triggering events requiring assessment of impairment for certain of its long-lived assets in the seat structure and mechanism operations due to the significant performance issues that persisted in fiscal 2018 and the resulting actions to turn around such operations identified during the fiscal 2019 planning process. As a result, Adient reviewed the long-lived assets for impairment and recorded a $787 million non-cash pre-tax impairment charge within restructuring and impairment costs on the consolidated statements of income (loss). The impairment charge related to long-lived assets in North America and Europe asset groups as of September 30, 2018 in support of current programs. Of the $787 million impairment charge, $768 million relates to fixed assets and $19 million relates to customer relationship intangible asset. The impairment was measured, depending on the asset, either under an income approach utilizing forecasted discounted cash flows or a market approach utilizing appraisal techniques to determine fair values of the impaired assets. These methods are consistent with the methods Adient employed in prior periods to value other long-lived assets. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement" and primarily consist of expected future operating margins and cash flows, estimated production volumes, weighted average cost of capital rates (13.0%), estimated salable values and third-party appraisal techniques such as market comparables. To the extent that profitability on current or future programs decline as compared to forecasted profitability or if adverse changes occur to key assumptions or other fair value measurement inputs, further impairment of long-lived assets could occur in the future. Refer to Note 6, "Goodwill and Other Intangible Assets," and Note 5, "Property, Plant and Equipment," of the notes to the consolidated financial statements for additional information.

See Note 19, "Nonconsolidated Partially-Owned Affiliates," for information on the fiscal 2020 and 2018 impairment of investments in partially owned affiliates.

17. Income Taxes

Consolidated income (loss) before income taxes and noncontrolling interests for the years ended September 30, 2020, 2019, and 2018 is as follows:

	Year Ended September 30,		
(in millions)	**2020**	**2019**	**2018**
Ireland	$ (3)	$ (1)	$ 4
United States	(111)	(170)	(324)
Other Foreign	(315)	173	(801)
Income before income taxes and noncontrolling interests	$ (429)	$ 2	$ (1,121)

The components of the provision (benefit) for income taxes are as follows:

	Year Ended September 30,		
(in millions)	**2020**	**2019**	**2018**
Current			
Ireland	$ —	$ —	$ 1
US - Federal and State	(1)	4	7
Other Foreign	91	118	128
	90	122	136
Deferred			
Ireland	—	—	—
US - Federal and State	—	1	417
Other Foreign	(33)	287	(73)
	(33)	288	344
Income tax provision	$ 57	$ 410	$ 480

The significant components of Adient's income tax provision are summarized in the following tables. These amounts do not include the impact of income tax expense related to our nonconsolidated partially-owned affiliates, which is netted against equity income on the consolidated statements of income (loss).

The reconciliation between the Irish statutory income tax rate, and Adient’s effective tax rate is as follows:

(in millions)	Year Ended September 30, 2020	2019	2018
Tax expense at Ireland statutory rate	$ (54)	$ —	$ (140)
State and local income taxes, net of federal benefit	(30)	(41)	(60)
Foreign tax rate differential	(127)	(109)	(146)
Notional interest deduction	(44)	(63)	(66)
Credits and incentives	(7)	(9)	(13)
Goodwill impairment	9	—	(21)
Repatriation of foreign earnings	18	31	36
Foreign exchange	(1)	2	3
Impact of enacted tax rate changes	(3)	(5)	23
Impact of U.S. tax reform	—	—	210
Change in uncertain tax positions	56	107	97
Change in valuation allowance	332	503	554
Impairment of subsidiaries	(24)	(3)	—
Tax impact of corporate equity transactions	(77)	—	—
Other	9	(3)	3
Income tax provision	$ 57	$ 410	$ 480

The income tax expense was higher than the Irish statutory rate of 12.5% for fiscal 2020 primarily due to the inability to recognize a tax benefit for losses in jurisdictions with valuation allowances, the repatriation of foreign earnings, and changes in uncertain tax positions, partially offset by the tax benefits related to the impairment and sale of Adient's YFAI investment, sale of Adient's automotive fabrics manufacturing business, and impairment charges recorded in the Asia segment. No items included in the other category are individually, or when appropriately aggregated, significant.

The income tax expense was higher than the Irish statutory rate of 12.5% for fiscal 2019 primarily due to the recognition of valuation allowances in Luxembourg, Poland, and the United Kingdom, the repatriation of foreign earnings, changes in uncertain tax positions and the impact of recognizing no tax benefit for losses in jurisdictions with valuation allowances. No items included in the other category are individually, or when appropriately aggregated, significant.

The effective rate was lower than the Irish statutory rate of 12.5% for fiscal 2018 primarily due to the charge to recognize the impact of U.S. tax reform legislation, repatriation of foreign earnings, and changes in uncertain tax positions and valuation allowances, partially offset by benefits from global tax planning, notional interest deductions, foreign tax rate differentials, and impairment deductions. No items included in the other category are individually, or when appropriately aggregated, significant.

The foreign tax rate differential benefit for fiscal 2020 is primarily driven by losses earned in jurisdictions where the statutory rate is greater than 12.5% and by the pretax book income of nonconsolidated partially-owned affiliates whose corresponding income tax expense is netted against equity income on the consolidated statements of income. The foreign tax rate differential benefit for fiscal 2019 is primarily driven by losses earned in jurisdictions where the statutory rate is greater than 12.5% and by the pretax book income of nonconsolidated partially-owned affiliates whose corresponding income tax expense is netted against equity income on the consolidated statements of income. The foreign tax rate differential benefit for fiscal 2018 was primarily driven by losses earned in jurisdictions where the statutory rate is greater than 12.5%.

Deferred taxes are classified in the consolidated statements of financial position as follows:

(in millions)	September 30, 2020	2019
Other noncurrent assets	$ 178	$ 199
Other noncurrent liabilities	(175)	(206)
Net deferred tax asset/(liability)	$ 3	$ (7)

Temporary differences and carryforwards which gave rise to deferred tax assets and liabilities included:

(in millions)	September 30, 2020	September 30, 2019
Deferred tax assets:		
Accrued expenses and reserves	$ 115	$ 73
Employee and retiree benefits	53	43
Net operating loss and other credit carryforwards	1,072	751
Property, plant and equipment	163	161
Intangible assets	257	308
Operating lease liabilities	80	—
Foreign currency adjustments	17	2
Research and development	20	16
Other	3	5
	1,780	1,359
Valuation allowances	(1,656)	(1,304)
	124	55
Deferred tax liabilities:		
Unremitted earnings of foreign subsidiaries	41	62
Operating lease right-of-use assets	80	—
	121	62
Net deferred tax asset/(liability)	$ 3	$ (7)

At September 30, 2020, Adient had available net operating loss carryforwards of approximately $4.0 billion which are available to reduce future tax liabilities. Net operating loss carryforwards of $2.6 billion will expire at various dates between 2021 and 2040, with the remainder having an indefinite carryforward period. Net operating loss carryforwards of $2.7 billion are offset by a valuation allowance.

Adient reviews the realizability of its deferred tax assets on a quarterly basis, or whenever events or changes in circumstances indicate that a review is required. In determining the requirement for a valuation allowance, the historical and projected financial results of the legal entity or combined group recording the net deferred tax asset are considered, along with any other positive or negative evidence. All of the factors that Adient considers in evaluating whether and when to establish or release all or a portion of the deferred tax asset valuation allowance involve significant judgment. Since future financial results may differ from previous estimates, periodic adjustments to Adient's valuation allowances may be necessary.

As a result of Adient's fiscal 2020 analysis of the realizability of its worldwide deferred tax assets, and after considering tax planning initiatives and other positive and negative evidence, Adient determined it was more likely than not that deferred tax assets in certain jurisdictions would not be realized. These valuation allowances did not have a material impact on the consolidated financial statements. Adient continues to record valuation allowances on certain deferred tax assets in Germany, Hungary, Luxembourg, Mexico, Poland, Spain, the United Kingdom, the U.S. and other jurisdictions as it remains more likely than not that they will not be realized.

As a result of Adient's fiscal 2019 analysis of the realizability of its worldwide deferred tax assets, and after considering tax planning initiatives and other positive and negative evidence (including the external debt refinancing, the related incremental net financing costs, and the restructuring of the internal financing which occurred in the third quarter of fiscal 2019 and including the long-lived asset impairment recorded in the second quarter of fiscal 2019), Adient determined it was more likely than not that deferred tax assets in Luxembourg (Q3), the United Kingdom (Q3) and certain Poland entities (Q2) would not be realized and recorded income tax expense of $229 million, $25 million and $43 million, respectively, to establish valuation allowances.

As a result of Adient's fiscal 2018 analysis of the realizability of its worldwide deferred tax assets, and after considering tax planning initiatives and other positive and negative evidence (including the seat structure and mechanism operations long-lived asset impairment recorded in the fourth quarter of fiscal 2018), Adient determined that it was more likely than not that deferred tax assets within the following jurisdictions would not be realized and recorded net valuation allowances as income tax expense in the fourth quarter of fiscal 2018: Belgium ($12 million), Canada ($6 million), Germany ($175 million), Hungary ($14 million), Mexico ($117 million), Poland ($8 million), Romania ($9 million), and the U.S. ($281 million). Germany, Hungary, Mexico, Poland, Romania, and the U.S. cumulative loss positions were all adversely impacted by the seat structure and mechanism operations performance issues and resulting long-lived asset impairment. In addition, as a result of Adient's fiscal 2018 analysis, Adient determined that it was more likely than not that deferred tax assets within Brazil would be realized. Therefore, Adient released $76 million of valuation allowance as an income tax benefit in the fourth quarter of fiscal 2018.

Adient is subject to income taxes in Ireland, the U.S. and other foreign jurisdictions. The following table provides the earliest open tax year by major jurisdiction for which Adient could be subject to income tax examination by the tax authorities:

Tax Jurisdiction	**Earliest Year Open**
Brazil	2014
China	2011
Czech Republic	2012
France	2017
Germany	2016
Hong Kong	2014
Japan	2015
Luxembourg	2014
Mexico	2015
Poland	2010
Spain	2013
United Kingdom	2014
United States	2017

Adient regularly assesses the likelihood of an adverse outcome resulting from examinations to determine the adequacy of its tax reserves. For the year ended September 30, 2020, Adient believes that it is more likely than not that the tax positions it has taken will be sustained upon the resolution of its audits resulting in no material impact on its consolidated financial statements. However, the final determination with respect to tax audits and any related litigation could be materially different from Adient’s estimates.

For the years ended September 30, 2020, 2019 and 2018, Adient had gross tax effected unrecognized tax benefits of $483 million, $414 million, and $288 million, respectively. If recognized, $133 million of Adient's unrecognized tax benefits would impact the effective tax rate. Total net accrued interest for the years ended September 30, 2020, 2019 and 2018, was approximately $15 million, $10 million and $5 million, respectively (net of tax benefit). Adient recognizes interest and penalties related to unrecognized tax benefits as a component of income tax expense.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Year Ended September 30,		
(in millions)	2020	2019	2018
Beginning balance	$ 414	$ 288	$ 193
Additions for tax positions related to the current year	96	108	110
Additions for tax positions of prior years	17	45	12
Reductions for tax positions of prior years	(38)	(22)	(21)
Settlements with taxing authorities	(4)	—	—
Statute closings	(2)	(5)	(6)
Ending balance	$ 483	$ 414	$ 288

During the next twelve months, it is reasonably possible that tax audit resolutions or applicable statute of limitation lapses could reduce the unrecognized tax benefits and income tax expense. Adient does not anticipate that this will result in a material impact to its consolidated financial statements.

Adient has $16.8 billion of undistributed foreign earnings of which $409 million is deemed permanently reinvested and no deferred taxes have been provided on such earnings. It is not practicable to determine the unrecognized deferred tax liability on these earnings because the actual tax liability, if any, is dependent on circumstances existing when remittance occurs.

Income taxes paid for the fiscal year ended September 30, 2020 were $98 million. Income taxes paid for the fiscal year ended September 30, 2019 were $102 million. Income taxes paid for the fiscal year ended September 30, 2018 were $139 million.

Impacts of Tax Legislation and Change in Statutory Tax Rates

On March 27, 2020, the House passed the Coronavirus Aid, Relief, and Economic Security Act (The CARES Act), also known as the Third COVID-19 Supplemental Relief bill, and the president signed the legislation into law. Adient does not expect the provisions of the legislation to have a significant impact on the effective tax rate or the income tax payable and deferred income tax positions of the Company.

During the fourth quarter of 2019, certain deferred tax liabilities were remeasured to reflect a reduction in withholding tax rate on the earnings of our nonconsolidated partially owned affiliates resulting in a benefit of $9 million.

During the third quarter of fiscal 2019, Luxembourg enacted legislation reducing the nominal corporate tax rate to 17% from 18%. For Adient, this reduced its aggregate income tax rate to 24.9% from 26.0% and applies retroactively to the fiscal 2019 tax year. As a result of the law change, Adient recorded income tax expense of $10 million related to the write down of deferred tax assets.

During the first quarter of fiscal 2019, GAAS (a subsidiary of Adient in China) was approved for High and New Tech Enterprise status for the three-year period of 2018 to 2020, thereby reducing their tax rate from 25% to 15%. As a result, a $7 million income tax benefit was recorded on the reduction of deferred tax liabilities and a reduction of 2018 calendar year income taxes.

On December 22, 2017, the Act was signed and enacted into law, and is effective for tax years beginning on or after January 1, 2018, with the exception of certain provisions. As a fiscal year taxpayer, Adient was not subject to the majority of the provisions until fiscal year 2019, however the statutory tax rate reduction was effective January 1, 2018. The Act reduced the U.S. corporate tax rate from 35% to 21%. Adient’s fiscal 2018 income tax expense reflects the benefit from the reduced rate of 24.5% resulting from the application of Internal Revenue Code, Section 15 which provides for a proration of the newly enacted rate during that fiscal year. This benefit was offset by a non-cash tax expense of $106 million related to the remeasurement of Adient’s net deferred tax assets at the lower statutory rate, a non-cash estimated tax expense of $100 million related to recording a valuation allowance to reflect the reduced benefit Adient expects to realize as a result of being subject to the Base Erosion and Anti-avoidance Tax ("BEAT"), and tax expense of $4 million related to the transition tax imposed on previously untaxed earnings and profits. During the first quarter of fiscal 2019, Adient completed its accounting for the Act BEAT valuation allowance resulting in no change to the $100 million income tax impact estimated in fiscal 2018.

During fiscal years 2020, 2019, and 2018, other tax legislation was adopted in various jurisdictions. These law changes did not have a material impact on the consolidated financial statements.

Tax Impact of One-Time Items

In fiscal 2020, Adient committed to a restructuring plan (“2020 Plan”) of $205 million. Refer to Note 15, "Restructuring and Impairment Costs," of the notes to the consolidated financial statements for additional information. The restructuring costs generated a $6 million tax benefit, which was negatively impacted by geographic mix and Adient’s current tax position in these jurisdictions.

During the fourth quarter of fiscal 2020, Adient sold its investment in YFAI and its automotive fabrics manufacturing business. Refer to Note 3, “Acquisitions and Divestitures,” of the notes to the consolidated financial statements for additional information. The tax benefits associated with the sales of the YFAI investment and automotive fabrics manufacturing business were $12 million and $3 million, respectively.

During the third quarter of fiscal 2020, an impairment charge of $27 million was recorded in the Asia segment related to customer relationship intangible assets. Refer to Note 6, “Goodwill and Other Intangible Assets,” of the notes to the consolidated financial statements for additional information. The tax benefit associated with the impairment charge was $5 million.

During the first quarter of fiscal 2020, Adient recognized a pre-tax non-cash impairment of $216 million in equity income related to Adient's YFAI investment. Refer to Note 3, “Acquisitions and Divestitures,” of the notes to the consolidated financial statements for additional information. The tax benefit associated with the impairment charge was $4 million. An additional impairment of $6 million was recorded in the third quarter of fiscal 2020 related to this investment, with no additional tax benefit being recorded.

In fiscal 2019, Adient committed to a significant restructuring plan (“2019 Plan”) and recorded a net $92 million of restructuring and impairment costs in the consolidated statements of income. Refer to Note 15, "Restructuring and Impairment Costs," of the notes to the consolidated financial statements for additional information. The restructuring costs generated a $5 million tax benefit, which was negatively impacted by geographic mix and Adient’s current tax position in these jurisdictions.

During the second quarter of fiscal 2019, Adient recognized a pre-tax impairment charge on long-lived assets of $66 million. Refer to Note 16, "Impairment of Long-Lived Assets," of the notes to the consolidated financial statements for additional information. The tax benefit associated with the impairment charge was $2 million, which was negatively impacted by geographic mix and Adient’s current tax position in these jurisdictions.

In fiscal 2018, Adient committed to a significant restructuring plan (“2018 Plan”) and recorded a net $46 million of restructuring and impairment costs in the consolidated statements of income. Refer to Note 15, "Restructuring and Impairment Costs," of the notes to the consolidated financial statements for additional information. The restructuring costs generated a $6 million tax benefit, which was negatively impacted by geographic mix and Adient’s current tax position in these jurisdictions. The disclosed tax benefit is prior to valuation allowances recorded during the fourth quarter of fiscal 2018.

During the fourth quarter of fiscal 2018, Adient recognized a pre-tax impairment charge on long-lived assets of $787 million within the seat structure and mechanism operations. Refer to Note 16, "Impairment of Long-Lived Assets," of the notes to the consolidated financial statements for additional information. The tax benefit associated with the impairment charge was $185 million, which was negatively impacted by geographic mix and Adient’s current tax position in these jurisdictions. The disclosed tax benefit is prior to valuation allowances recorded during the fourth quarter of fiscal 2018.

In addition during the fourth quarter of fiscal 2018, Adient recognized a pre-tax non-cash impairment charge of $358 million in equity income related to Adient’s YFAI investment balance within the Interiors segment. Refer to Note 19, "Nonconsolidated Partially-Owned Affiliates," of the notes to the consolidated financial statements for additional information. The tax benefit associated with the impairment charge was $36 million.

During the third and fourth quarters of fiscal 2018, Adient recognized a net pre-tax impairment charge of $49 million related to assets classified as held for sale. Refer to Note 3, "Acquisitions and Divestitures," of the notes to the consolidated financial statements for additional information. The tax benefit associated with the impairment charge was $14 million. The disclosed tax benefit is prior to valuation allowances recorded during the fourth quarter of fiscal 2018.

During the second quarter of fiscal 2018, Adient recognized a pre-tax goodwill impairment charge of $299 million related to the seat structure and mechanism operations. Refer to Note 6, "Goodwill and Other Intangible Assets," of the notes to the consolidated financial statements for additional information. The tax benefit associated with the goodwill impairment charge was $20 million.

18. Segment Information

Adient manages its business on a geographic basis and operates in the following three reportable segments for financial reporting purposes: 1) Americas, which is inclusive of North America and South America; 2) Europe, Middle East, and Africa ("EMEA") and 3) Asia Pacific/China ("Asia").

Adient evaluates the performance of its reportable segments using an adjusted EBITDA metric defined as income before income taxes and noncontrolling interests, excluding net financing charges, restructuring and impairment costs, restructuring related-costs, net mark-to-market adjustments on pension and postretirement plans, transaction gains/losses, purchase accounting amortization, depreciation, stock-based compensation and other non-recurring items ("Adjusted EBITDA"). Also, certain corporate-related costs are not allocated to the segments. The reportable segments are consistent with how management views the markets served by Adient and reflect the financial information that is reviewed by its chief operating decision maker.

	Year Ended September 30,		
(in millions)	**2020**	**2019**	**2018**
Net Sales			
Americas	$ 5,889	$ 7,785	$ 7,664
EMEA	5,148	6,675	7,436
Asia	1,822	2,337	2,659
Eliminations	(189)	(271)	(320)
Total net sales	$ 12,670	$ 16,526	$ 17,439

(in millions)	Year Ended September 30, 2020	2019	2018
Adjusted EBITDA			
Americas	$ 228	$ 210	$ 302
EMEA	101	161	364
Asia	424	513	625
Corporate-related costs [(1)]	(80)	(97)	(95)
Becoming Adient costs [(2)]	—	—	(62)
Restructuring and impairment costs [(3)]	(238)	(176)	(1,181)
Purchase accounting amortization [(4)]	(40)	(44)	(69)
Restructuring related charges [(5)]	(20)	(31)	(61)
Loss on business divestitures - net [(6)]	(13)	—	—
Impairment of nonconsolidated partially owned affiliate [(7)]	(231)	—	(358)
Depreciation [(8)]	(295)	(278)	(393)
Stock based compensation [(9)]	(15)	(20)	(37)
Other items [(10)]	(16)	(9)	(55)
Earnings (loss) before interest and income taxes	(195)	229	(1,020)
Net financing charges	(220)	(182)	(144)
Other pension income (expense)	(14)	(45)	43
Income (loss) before income taxes	$ (429)	$ 2	$ (1,121)

Notes:

(1) Corporate-related costs not allocated to the segments include executive office, communications, corporate development, legal and corporate finance.

(2) Reflects incremental expenses associated with becoming an independent company.

(3) Reflects restructuring charges for costs that are directly attributable to restructuring activities and meet the definition of restructuring under ASC 420 and non-recurring impairment charges. Included in restructuring charges in fiscal 2020 is a non-cash pre-tax impairment related to China intangible assets of $24 million, held for sale asset impairments of $21 million, and $8 million of other long-lived asset impairments. Included in restructuring charges in fiscal 2019 is a $66 million non-cash pre-tax impairment charge related to long-lived assets ($11 million in the Americas and $55 million in EMEA) and an $18 million non-cash impairment charge related to assets held for sale ($6 million in the Americas and $12 million in Asia). Included in restructuring charges in fiscal 2018 is a non-cash pre-tax impairment charge of $1,086 million in the seat structure and mechanism operations ($787 million related to long-lived assets and $299 million related to goodwill), and a $49 million non-cash impairment charge related to assets held for sale. Refer to Note 5, "Property, Plant and Equipment," Note 6, "Goodwill and Other Intangible Assets," Note 15, "Restructuring and Impairment Costs," and Note 16, "Impairment of Long-Lived Assets," of the notes to the consolidated financial statements for more information.

(4) Reflects amortization of intangible assets including those related to partially owned affiliates recorded within equity income.

(5) Reflects restructuring related charges for costs that are directly attributable to restructuring activities, but do not meet the definition of restructuring under ASC 420 along with restructuring costs at partially owned affiliates recorded within equity income.

(6) Reflects $21 million loss of sale of RECARO and $4 million loss on deconsolidation of Aerospace, partially offset by a $12 million gain on completion of the Yanfeng transaction.

(7) Reflects non-cash impairment charges related to Adient's YFAI investment balance, which has been recorded within the equity income line in the consolidated statements of income. The fiscal 2020 impairment was recorded in conjunction with the Yanfeng transaction.

(8) For the year ended September 30, 2018, depreciation excludes $7 million, which is included in restructuring related charges discussed above.

(9) For the year ended September 30, 2018, stock based compensation excludes $10 million which is included in Becoming Adient costs discussed above.

(10) The year ended September 30, 2020 primarily includes $15 million of transaction costs and $1 million of tax adjustments at YFAI. The year ended September 30, 2019 primarily includes $4 million of integration costs associated with the acquisition of Futuris, $3 million of transaction costs and $2 million of tax adjustments at YFAI. The year ended September 30, 2018 primarily includes $22 million of integration costs associated with the acquisition of Futuris, $11 million of non-recurring consulting fees related to the seat structure and mechanism operations, an $8 million charge related to the impact of the U.S. tax reform at YFAI and $8 million of prior period adjustments.

Additional Segment Information

	Year Ended September 30, 2020				
	Reportable Segments			Reconciling Items[1]	Consolidated
(in millions)	Americas	EMEA	Asia		
Net Sales	$ 5,889	$ 5,148	$ 1,822	$ (189)	$ 12,670
Equity Income	1	8	256	(243)	22
Total Assets	3,019	2,658	2,868	1,716	10,261
Depreciation	128	129	38	—	295
Amortization	13	8	16	—	37
Capital Expenditures	138	164	24	—	326

(1) Reconciling items include the elimination of intercompany transactions, corporate-related assets and amounts to reconcile to consolidated totals. Specific reconciling items for equity income represents a $231 million non-cash impairment of Adient's YFAI investment, $8 million of restructuring related charges, $3 million of purchase accounting amortization and a $1 million charge for tax adjustments associated with YFAI. Corporate-related assets primarily include cash and deferred income tax assets.

	Year Ended September 30, 2019				
	Reportable Segments			Reconciling Items[1]	Consolidated
(in millions)	Americas	EMEA	Asia		
Net Sales	$ 7,785	$ 6,675	$ 2,337	$ (271)	$ 16,526
Equity Income	3	13	270	(11)	275
Total Assets	3,237	2,716	3,416	973	10,342
Depreciation	109	126	43	—	278
Amortization	14	5	18	3	40
Capital Expenditures	190	237	41	—	468

(1) Reconciling items include the elimination of intercompany transactions, corporate-related assets, depreciation and amortization, and amounts to reconcile to consolidated totals. Specific reconciling items included in equity income are $4 million of purchase accounting amortization related to the YFAI joint venture, $5 million of restructuring related charges and $2 million of tax adjustments at YFAI. Corporate-related assets primarily include cash and deferred income tax assets.

(in millions)	Year Ended September 30, 2018 Reportable Segments Americas	EMEA	Asia	Reconciling Items[(1)]	Consolidated
Net Sales	$ 7,664	7,436	$ 2,659	$ (320)	$ 17,439
Equity Income	10	12	363	(398)	(13)
Total Assets	3,248	3,066	3,598	1,030	10,942
Depreciation	141	204	45	10	400
Amortization	12	12	20	3	47
Capital Expenditures	233	267	36	—	536

(1) Reconciling items include the elimination of intercompany transactions, corporate-related assets, depreciation and amortization, and amounts to reconcile to consolidated totals. Specific reconciling items included in equity income are a $358 million non-cash impairment charge related to Adient's YFAI investment balance, $22 million of purchase accounting amortization related to the YFAI joint venture, $10 million of restructuring related charges and a $8 million charge related to the impact of the U.S. tax reform at YFAI. Corporate-related assets primarily include cash, deferred income tax assets, and Adient's aviation assets.

Geographic Information

Financial information relating to Adient's operations by geographic area is as follows:

Net Sales

(in millions)	Year Ended September 30, 2020	2019	2018
Americas			
United States	$ 4,983	$ 6,435	$ 6,376
Mexico	2,004	2,709	2,668
Other Americas	318	435	537
Regional Elimination	(1,416)	(1,794)	(1,917)
	5,889	7,785	7,664
EMEA			
Germany	1,061	1,463	1,761
Czech Republic	1,118	1,431	1,663
Other EMEA	4,392	5,616	5,892
Regional Elimination	(1,423)	(1,835)	(1,880)
	5,148	6,675	7,436
Asia			
China	517	529	716
Thailand	400	614	615
Japan	332	529	562
Other Asia	600	668	768
Regional Elimination	(27)	(3)	(2)
	1,822	2,337	2,659
Inter-segment elimination	(189)	(271)	(320)
Total	$ 12,670	$ 16,526	$ 17,439

Long-Lived Assets (consisting of net property, plant and equipment)

	Year Ended September 30,	
(in millions)	**2020**	**2019**
Americas		
United States	$ 472	$ 504
Mexico	171	177
Other Americas	20	32
	663	713
EMEA		
Germany	203	195
Other EMEA	523	538
	726	733
Asia		
All countries	192	225
Total	$ 1,581	$ 1,671

In the third quarter of fiscal 2019, Adient's Indonesia operations recorded an $8 million adjustment to increase cost of sales and to decrease primarily current assets to correct prior period misstatements. Adient has concluded that these adjustments were not material to the consolidated financial statements for any period reported.

19. Nonconsolidated Partially-Owned Affiliates

Investments in the net assets of nonconsolidated partially-owned affiliates are reported in the "Investments in partially-owned affiliates" line in the consolidated statements of financial position. Equity in the net income of nonconsolidated partially-owned affiliates are reported in the "Equity income" line in the consolidated statements of income (loss). Adient maintains total investments in partially-owned affiliates of $0.7 billion and $1.4 billion at September 30, 2020 and 2019, respectively. Operating information for nonconsolidated partially-owned affiliates is as follows:

	% ownership	
Name of key partially-owned affiliate	**2020**	**2019**
Adient Yanfeng Seating Mechanism Co., Ltd. (AYM)	50.0%	50.0%
Changchun FAWAY Adient Automotive Systems Co. Ltd. (CFAA)	49.0%	49.0%
Yanfeng Adient Seating Co., Ltd. (YFAS)	49.9%	49.9%
Yanfeng Global Automotive Interiors Systems Co., Ltd. (YFAI)	—%	30.0%

	Year Ended September 30,		
(in millions)	**2020**	**2019**	**2018**
Income statement data:			
Net sales	$ 9,538	$ 15,555	$ 18,258
Gross profit	$ 1,111	$ 1,721	$ 2,214
Net income	$ 591	$ 667	$ 823
Net income attributable to the entity	$ 563	$ 629	$ 773

(in millions)	September 30, 2020	September 30, 2019
Balance sheet data:		
Current assets	$ 4,222	$ 7,122
Noncurrent assets	$ 1,579	$ 3,335
Current liabilities	$ 4,213	$ 7,058
Noncurrent liabilities	$ 87	$ 433
Noncontrolling interests	$ 105	$ 125

During fiscal 2020, Adient entered into an agreement to transfer all of the issued and outstanding equity interest in YFAI held, directly or indirectly, by Adient, which represents 30% of YFAI's total issued and outstanding equity interest, to Yanfeng Automotive Trim Systems Company Ltd. for $369 million as part of the Yanfeng transaction. As a result, Adient concluded that indicators of other-than-temporary impairment were present related to the investment in YFAI and recorded a $231 million non-cash impairment of Adient's YFAI investment, during fiscal 2020. The impairment was determined based on combining the fair value of consideration received for all transactions contemplated as part of the Yanfeng transaction and has been recorded within equity income in the consolidated statements of income (loss). Refer to Note 3, "Acquisitions and Divestitures," of the notes to the consolidated financial statements for additional information.

During the fourth quarter of fiscal 2018, Adient concluded that indicators of potential impairment were present related to the investment in YFAI based on the declines in operating performance during fiscal 2018 along with declines in projections of the YFAI business for the foreseeable future. Accordingly, Adient deemed such issues to represent an other-than-temporary decline and undertook an impairment analysis to determine the fair value of the investment in YFAI, which was completed under an income approach utilizing discounted cash flows to derive a fair value of the investment in YFAI. Based on the fair value, the carrying value of the investment in YFAI exceeded fair value by $358 million, and as such Adient recorded a non-cash impairment charge within equity income in the consolidated statements of income (loss) for that amount in the fourth quarter of 2018. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement" and primarily consist of expected future operating margins and cash flows of YFAI, estimated production volumes, weighted average cost of capital (12.5%) and noncontrolling interest discounts.

20. Commitments and Contingencies

Adient is involved in various lawsuits, claims and proceedings incident to the operation of its businesses, including those pertaining to product liability, casualty environmental, safety and health, intellectual property, employment, commercial and contractual matters, and various other matters. Although the outcome of any such lawsuit, claim or proceeding cannot be predicted with certainty and some may be disposed of unfavorably to Adient, it is management's opinion that none of these will have a material adverse effect on Adient's financial position, results of operations or cash flows. Costs related to such matters were not material to the periods presented.

Adient accrues for potential environmental liabilities when it is probable a liability has been incurred and the amount of the liability is reasonably estimable. Reserves for environmental liabilities totaled $10 million and $12 million at September 30, 2020 and 2019, respectively. Adient reviews the status of its environmental sites on a quarterly basis and adjusts its reserves accordingly. Such potential liabilities accrued by Adient do not take into consideration possible recoveries of future insurance proceeds. They do, however, take into account the likely share other parties will bear at remediation sites. It is difficult to estimate Adient's ultimate level of liability at many remediation sites due to the large number of other parties that may be involved, the complexity of determining the relative liability among those parties, the uncertainty as to the nature and scope of the investigations and remediation to be conducted, the uncertainty in the application of law and risk assessment, the various choices and costs associated with diverse technologies that may be used in corrective actions at the sites, and the often quite lengthy periods over which eventual remediation may occur. Nevertheless, Adient does not currently believe that any claims, penalties or costs in connection with known environmental matters will have a material adverse effect on Adient's financial position, results of operations or cash flows.

21. Related Party Transactions

In the ordinary course of business, Adient enters into transactions with related parties, such as equity affiliates. Such transactions consist of the sale or purchase of goods and other arrangements. Subsequent to the separation, transactions with the former Parent and its businesses represent third-party transactions.

The following table sets forth the location and amounts of net sales to and purchases from related parties included in Adient's consolidated statements of income (loss):

		Year Ended September 30,		
(in millions)		**2020**	**2019**	**2018**
Net sales to related parties	Net sales	$ 347	$ 386	$ 389
Purchases from related parties	Cost of sales	566	704	614

The following table sets forth the location and amount of accounts receivable due from and payable to related parties in Adient's consolidated statements of financial position:

		September 30,	
(in millions)		**2020**	**2019**
Accounts receivable due from related parties	Accounts receivable	$ 49	$ 73
Accounts payable due to related parties	Accounts payable	105	137

Average receivable and payable balances with related parties remained consistent with the period end balances shown above.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision of and with the participation of our management, including the principal executive officer and principal financial officer, Adient conducted an evaluation of the effectiveness of the design and operation of disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, as of September 30, 2020, the end of the period covered by this report, or the Evaluation Date. Based upon the evaluation, the principal executive officer and principal financial officer concluded that Adient's disclosure controls and procedures were effective at the reasonable assurance level as of the Evaluation Date. Disclosure controls and procedures are controls and procedures designed to provide reasonable assurance that information required to be disclosed in Adient's reports filed or submitted under the Exchange Act, such as this report, is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include controls and procedures designed to provide reasonable assurance that such information is accumulated and communicated to Adient's management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Definition of and Inherent Limitations over Internal Control over Financial Reporting

Adient's internal control over financial reporting is a process designed by, or under the supervision of, the principal executive officer and principal financial officer, or persons performing similar functions, and effected by Adient's board of directors, management and other personnel designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Adient's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the receipts and expenditures are being made only in accordance with authorizations of Adient's management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of Adient's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act). Management has assessed the effectiveness of Adient's internal control over financial reporting based on the criteria set forth in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO. Based on this evaluation, management concluded that Adient maintained effective internal control over financial reporting as of September 30, 2020. The effectiveness of Adient's internal control over financial reporting as of September 30, 2020 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report in Item 8 of Part II of this Form 10-K.

Changes in Internal Control over Financial Reporting

There were no changes in internal control over financial reporting during the fourth quarter of the fiscal year ended September 30, 2020 that have materially affected, or are reasonably likely to materially affect, Adient's internal control over financial reporting.

Item 9B. Other Information

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Adient intends to hold its 2021 annual general meeting of shareholders on March 9, 2021.

The information required by this Item is set forth under the sections entitled "Q: Where can I find Corporate Governance materials for Adient?," "Proposal One: Election of Directors," "Corporate Governance," "Board and Committee Information," "Audit Committee Report," and "Delinquent Section 16(a) Reports" in Adient's 2021 Proxy Statement to be filed with the U.S. Securities and Exchange Commission ("SEC") within 120 days after September 30, 2020 in connection with the solicitation of proxies for Adient's 2021 annual general meeting of shareholders and is incorporated herein by reference.

Adient has an Ethics Policy that applies to all employees, including Adient's principal executive officer, principal financial officer, and principal accounting officer, as well as to the members of the board of directors of Adient. The Ethics Policy is available at www.adient.com. Adient intends to disclose any changes in, or waivers from, this Ethics Policy by posting such information on the same website or by filing a Current Report on Form 8-K, in each case to the extent such disclosure is required by rules of the SEC or the NYSE.

Item 11. Executive Compensation

The information required by this Item is set forth under the sections entitled "Corporate Governance," "Board and Committee Information," "Compensation Committee Report," "Compensation Discussion and Analysis," "Director Compensation," "Potential Payments and Benefits upon Termination and Change in Control," and "Share Ownership of Executive Officers and Directors" in Adient's 2021 Proxy Statement to be filed with the SEC within 120 days after September 30, 2020 and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item is set forth under the section entitled "Share Ownership of Executive Officers and Directors" in Adient's 2021 Proxy Statement to be filed with the SEC within 120 days after September 30, 2020 and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is set forth under the section entitled "Corporate Governance" in Adient's 2021 Proxy Statement to be filed with the SEC within 120 days after September 30, 2020 and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by this Item is set forth under the section entitled "Audit Committee Report" in Adient's 2021 Proxy Statement to be filed with the SEC within 120 days after September 30, 2020 and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) Documents filed as part of this report

(1) All financial statements

(2) Financial Statement Schedules

ADIENT AND SUBSIDIARIES
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

	Year Ended September 30,		
(in millions)	**2020**	**2019**	**2018**
Accounts Receivable - Allowance for Doubtful Accounts			
Balance at beginning of period	$ 14	$ 15	$ 20
Provision charged to costs and expenses	15	15	12
Reserve adjustments	(19)	(16)	(17)
Balance at end of period	$ 10	$ 14	$ 15
Deferred Tax Assets - Valuation Allowance			
Balance at beginning of period	$ 1,304	$ 846	$ 223
Allowance provision for operating and other loss carryforwards	346	488	669
Allowance provision (benefit) adjustments	6	(30)	(46)
Balance at end of period	$ 1,656	$ 1,304	$ 846

YFAS was deemed a significant equity investee under Rule 3-09 of Regulation S-X for the fiscal years ended September 30, 2020, 2019 and 2018, respectively. As such, financial statements of YFAS are required to be filed as an amendment to this Annual Report on Form 10-K, within six months of the end of YFAS's year end (i.e. December 31). Accordingly, YFAS financial statements as of December 31, 2020 will be filed via an amendment to this Annual Report on Form 10-K on or before June 30, 2021.

All other financial statement schedules have been omitted, since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and notes thereto included in this Form 10-K.

(3) Exhibits required by Item 601 of Regulation S-K

EXHIBIT INDEX

Exhibit No.	Exhibit Title
2.1	Separation and Distribution Agreement, dated as of September 8, 2016, by and between Johnson Controls International plc and Adient Limited (incorporated by reference to Exhibit 2.1 to Amendment No. 4 to Adient plc's Registration Statement on Form 10 filed September 20, 2016 (File No. 1-37757)).#
3.1	Memorandum of Association and Amended and Restated Articles of Association of Adient (incorporated by reference to Exhibit 3.1 to Adient plc's Current Report on Form 8-K filed November 1, 2016 (File No. 1-37757)).
4.1	Indenture, dated as of August 19, 2016, between Adient Global Holdings Ltd and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 to Amendment No. 4 to Adient plc's Registration Statement on Form 10 filed September 20, 2016 (File No. 1-37757)).
4.2	Indenture, dated as of August 19, 2016, among Adient Global Holdings Ltd, U.S. Bank National Association, Elavon Financial Services DAC, UK Branch, and Elavon Financial Services DAC (incorporated by reference to Exhibit 4.2 to Amendment No. 4 to Adient plc's Registration Statement on Form 10 filed September 20, 2016 (File No. 1-37757)).
4.3	Guarantor Supplemental Indenture to the Euro Notes Indenture, dated as of October 14, 2016, by and among Adient Global Holdings Limited, U.S. Bank National Association, as Trustee, and certain subsidiaries of Adient Global Holdings Limited party thereto (incorporated by reference to Exhibit 4.1 to Adient plc's Current Report on Form 8-K filed November 1, 2016 (File No. 1-37757)).
4.4	Guarantor Supplemental Indenture to the Dollar Notes Indenture, dated as of October 14, 2016, by and among Adient Global Holdings Limited, U.S. Bank National Association, as Trustee, and certain subsidiaries of Adient Global Holdings Limited party thereto (incorporated by reference to Exhibit 4.2 to Adient plc's Current Report on Form 8-K filed November 1, 2016 (File No. 1-37757)).
4.5	Guarantor Supplemental Indenture to the Euro Notes Indenture, dated as of October 31, 2016, by and among Adient plc, Adient Global Holdings Limited, U.S. Bank National Association, as Trustee, and certain subsidiaries of Adient Global Holdings Limited party thereto (incorporated by reference to Exhibit 4.3 to Adient plc's Current Report on Form 8-K filed November 1, 2016 (File No. 1-37757)).
4.6	Guarantor Supplemental Indenture to the Dollar Notes Indenture, dated as of October 31, 2016, by and among Adient plc, Adient Global Holdings Limited, U.S. Bank National Association, as Trustee, and certain subsidiaries of Adient Global Holdings Limited party thereto (incorporated by reference to Exhibit 4.4 to Adient plc's Current Report on Form 8-K filed November 1, 2016 (File No. 1-37757)).
4.7	Guarantor Supplemental Indenture to the Euro Notes Indenture, dated as of June 19, 2017, by and among Adient Global Holdings Ltd, Adient Global Holdings S.à r.l., Adient Global Holdings Luxembourg S.à r.l., Adient Holding Ireland Limited and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to Adient plc's Quarterly Report on Form 10-Q filed May 7, 2018 (File No. 1-37757)).
4.8	Guarantor Supplemental Indenture to the Dollar Notes Indenture, dated as of June 19, 2017, by and among Adient Global Holdings Ltd, Adient Global Holdings S.à r.l., Adient Global Holdings Luxembourg S.à r.l., Adient Holding Ireland Limited and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.2 to Adient plc's Quarterly Report on Form 10-Q filed May 7, 2018 (File No. 1-37757)).
4.9	Fourth Supplemental Indenture to the Euro Notes Indenture, dated as of January 29, 2018, by and among Adient Global Holdings Ltd, Adient Ltd, Adient UK Global Financing Ltd and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.3 to Adient plc's Quarterly Report on Form 10-Q filed May 7, 2018 (File No. 1-37757)).

4.10	Fourth Supplemental Indenture to the Dollar Notes Indenture, dated as of January 29, 2018, by and among Adient Global Holdings Ltd, Adient Ltd, Adient UK Global Financing Ltd and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.4 to Adient plc's Quarterly Report on Form 10-Q filed May 7, 2018 (File No. 1-37757)).
4.11	Guarantor Supplemental Indenture to the Euro Notes Indenture, dated as of March 20, 2018, by and among Adient Global Holdings Ltd, U.S. Bank National Association, as Trustee, and certain subsidiaries of Adient Global Holdings Ltd party thereto (incorporated by reference to Exhibit 4.5 to Adient plc's Quarterly Report on Form 10-Q filed May 7, 2018 (File No. 1-37757)).
4.12	Guarantor Supplemental Indenture to the Dollar Notes Indenture, dated as of March 20, 2018, by and among Adient Global Holdings Ltd, U.S. Bank National Association, as Trustee, and certain subsidiaries of Adient Global Holdings Ltd party thereto (incorporated by reference to Exhibit 4.6 to Adient plc's Quarterly Report on Form 10-Q filed May 7, 2018 (File No. 1-37757)).
4.13	Indenture, dated as of May 6, 2019, among Adient US LLC, the guarantors party thereto from time to time and U.S. Bank National Association, as Trustee and Collateral Agent, relating to the $800.0 million aggregate principal amount of 7.00% senior first lien notes due 2026 (the "Indenture") (incorporated by reference to Exhibit 4.1 to Adient plc's Current Report on Form 8-K filed May 6, 2019 (File No. 1-37757)).
4.14	Supplemental Indenture, dated as of May 6, 2019, among Adient Fabrics Spain, S.A.U., Michel Thierry Unit Components, S.L.U., Adient Seating Holding Spain, S.L.U., Adient Seating Spain, S.L.U., Adient Automotive, S.L.U., Adient Real Estate Holding Spain, S.L.U. and U.S. Bank National Association, relating to the Indenture (incorporated by reference to Exhibit 4.2 to Adient plc's Current Report on Form 8-K filed May 6, 2019 (File No. 1-37757)).
4.15	Guarantor Supplemental Indenture to the Euro Notes Indenture, dated as of October 3, 2019, by and among Adient Global Holdings Ltd, the subsidiary of Adient Global Holdings Ltd party thereto, and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.15 to Adient plc's Annual Report on Form 10-K filed November 22, 2019 (File No. 1-37757)).
4.16	Guarantor Supplemental Indenture to the Dollar Notes Indenture, dated as of October 3, 2019, by and among Adient Global Holdings Ltd, the subsidiary of Adient Global Holdings Ltd party thereto, and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.16 to Adient plc's Annual Report on Form 10-K filed November 22, 2019 (File No. 1-37757)).
4.17	Indenture, dated as of April 23, 2020, among Adient US LLC, the guarantors party thereto from time to time and U.S. Bank National Association, as Trustee and Collateral Agent, relating to the $600.0 million aggregate principal amount of 9.000% senior first lien notes due 2025 (the "Indenture") (incorporated by reference to Exhibit 4.1 to Adient plc' Current Report on Form 8-K filed April 23, 2020 (File No. 1-37757)).
4.18	Description of securities (incorporated by reference to Exhibit 4.17 to Adient plc's Annual Report on Form 10-K filed November 22, 2019 (File No. 1-37757)).
10.1	Tax Matters Agreement, dated as of September 8, 2016, by and between Johnson Controls International plc and Adient Limited, as amended October 31, 2016 (incorporated by reference to Exhibit 10.2 to Amendment No. 1 to Adient plc's Annual Report on Form 10-K/A filed June 29, 2017 (File No. 1-37757)).
10.2	Employee Matters Agreement, dated as of September 8, 2016, by and between Johnson Controls International plc and Adient Limited (incorporated by reference to Exhibit 10.3 to Amendment No. 4 to Adient plc's Registration Statement on Form 10 filed September 20, 2016 (File No. 1-37757)).

10.3	Form of Indemnification Agreement (Ireland) with individual directors and officers (incorporated by reference to Exhibit 10.5 to Amendment No. 1 to Adient plc's Annual Report on Form 10-K/A filed June 29, 2017 (File No. 1-37757)).
10.4	Form of Indemnification Agreement (US) with individual directors and officers (incorporated by reference to Exhibit 10.6 to Amendment No. 1 to Adient plc's Annual Report on Form 10-K/A filed June 29, 2017 (File No. 1-37757)).
10.5	Joint Venture Contract, dated October 22, 1997, between Shanghai Yanfeng Automotive Trim Company, Ltd. and Johnson Controls International, Inc., as amended (incorporated by reference to Exhibit 10.7 of Adient plc's Registration Statement on Form 10 filed April 27, 2016 (File No. 1-37757)).
10.6	Term Loan Credit Agreement, dated as of May 6, 2019, among Adient US LLC, Adient Global Holdings S.à r.l., the lenders party thereto and Bank of America, N.A., as Administrative Agent and Collateral Agent (incorporated by reference to Exhibit 10.1 to Adient plc's Current Report on Form 8-K filed May 6, 2019 (File No. 1-37757)).
10.7	Revolving Credit Agreement, dated as of May 6, 2019, among Adient US LLC, the other borrower subsidiaries party thereto, the lenders party thereto, the issuing banks party thereto and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent (incorporated by reference to Exhibit 10.2 to Adient plc's Current Report on Form 8-K filed May 6, 2019 (File No. 1-37757)).
10.8	Adient plc 2016 Omnibus Incentive Plan (incorporated by reference to Exhibit 4.1 to Adient plc's Registration Statement on Form S-8 filed October 28, 2016 (File No. 1-37757)).*
10.9	Form of Adient plc Restricted Shares or Restricted Share Unit Award Agreement (incorporated by reference to Exhibit 10.10 to Amendment No. 1 to Adient plc's Annual Report on Form 10-K/A filed June 29, 2017 (File No. 1-37757)).*
10.10	Form of Adient plc Performance Share Unit Award Agreement (incorporated by reference to Exhibit 10.11 to Amendment No. 1 to Adient plc's Annual Report on Form 10-K/A filed June 29, 2017 (File No. 1-37757)).*
10.11	Form of Adient plc Performance Unit Award agreement (incorporated by reference to Exhibit 10.1 to Adient plc's Current Report on Form 8-K filed September 29, 2017 (File No. 1-37757)).*
10.12	Form of Adient plc Restricted Shares or Restricted Share Unit Award agreement (incorporated by reference to Exhibit 10.2 to Adient plc's Current Report on Form 8-K filed September 29, 2017 (File No. 1-37757)).*
10.13	Adient plc 2016 Director Share Plan (incorporated by reference to Exhibit 4.2 to Adient plc's Registration Statement on Form S-8 filed October 28, 2016 (File No. 1-37757)).*
10.14	Adient US LLC Retirement Restoration Plan, as amended and restated effective January 1, 2017 (incorporated by reference to Exhibit 10.1 to Adient plc's Current Report on Form 8-K filed January 13, 2017 (File No. 1-37757)).*
10.15	Adient US LLC Executive Deferred Compensation Plan, as amended and restated March 12, 2018 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed May 7, 2018 (File No. 1-37757)).*
10.16	Adient plc Executive Compensation Incentive Recoupment Policy (incorporated by reference to Exhibit 10.15 to Amendment No. 1 to Adient plc's Annual Report on Form 10-K/A filed June 29, 2017 (File No. 1-37757)).*
10.17	Adient plc Flexible Perquisites Program (incorporated by reference to Exhibit 10.3 to Adient plc's Quarterly Report on Form 10-Q filed August 7, 2019 (File No. 1-37757)).*

10.18	Written description of Adient US LLC severance benefit for certain executive officers (incorporated by reference to Exhibit 10.18 to Adient plc's Annual Report on Form 10-K filed November 22, 2019 (File No. 1-37757)).*
10.19	Adient plc Non-Employee Directors Compensation Summary and Ownership Guidelines, as amended and restated effective as of October 1, 2018 (incorporated by reference to Exhibit 10.21 to Adient plc's Annual Report on Form 10-K filed November 29, 2018 (File No. 1-37757)).*
10.20	Adient plc Executive Share Ownership Guidelines effective as of September 17, 2019 (incorporated by reference to Exhibit 10.20 to Adient plc's Annual Report on Form 10-K filed November 22, 2019 (File No. 1-37757)).*
10.21	Form of Key Executive Severance and Change of Control Agreement by and among Adient plc, Adient US LLC and the following current or former executive officers: Jerome J. Dorlack, Cathleen A. Ebacher, and Jeffrey M. Stafeil (incorporated by reference to Exhibit 10.1 to Adient plc's Current Report on Form 8-K filed January 20, 2017 (File No. 1-37757)).*
10.22	Agreement, dated as of May 18, 2018, by and between Adient plc and Blue Harbour Group, L.P. (incorporated by reference to Exhibit 10.1 to Adient plc's Current Report on Form 8-K filed May 18, 2018 (File No. 1-37757)).
10.23	Offer Letter, dated as of September 10, 2018, entered into between Adient plc and Douglas G. DelGrosso (incorporated by reference to Exhibit 10.1 to Adient plc's Current Report on Form 8-K filed September 13, 2018 (File No. 1-37757)).*
10.24	Form of Key Executive Severance and Change of Control Agreement by and among Adient plc, Adient US LLC and Douglas G. DelGrosso (incorporated by reference to Exhibit 10.2 to Adient plc's Current Report on Form 8-K filed September 13, 2018 (File No. 1-37757)).*
10.25	Offer Letter, dated October 8, 2018, entered into between Adient US LLC and Jerome Dorlack (incorporated by reference to Exhibit 10.1 to Adient plc's Quarterly Report on Form 10-Q filed August 7, 2019 (File No. 1-37757)).*
10.26	Employment Contract, dated October 29, 2018, entered into between Adient Germany Ltd. & Co. KG and Michel Pierre Berthelin. (incorporated by reference to Exhibit 10.2 to Adient plc's Quarterly Report on Form 10-Q filed August 7, 2019 (File No. 1-37757)).*
10.27	Labour Contract, dated as of March 6, 2016, by and between Adient Management (China) Co., Ltd. and Jian James Huang (incorporated by reference to Exhibit 10.29 to Adient plc's Annual Report on Form 10-K filed November 22, 2019 (File No. 1-37757)).*
10.28	Separation and Release of Claims Agreement by and among Adient US LLC and Cathleen A. Ebacher, dated May 31, 2020 (incorporated by reference to Exhibit 10.1 to Adient plc's Quarterly Report on Form 10-Q filed August 6, 2020 (File No. 1-37757)).*
10.29	Master Agreement, dated as of January 31, 2020, by and among Adient plc, Yanfeng Automotive Trim Systems Company Ltd., Adient Yanfeng Seating Mechanisms Co., Ltd., Yanfeng Adient Seating Co., Ltd. and Yanfeng Global Automotive Interior Systems Co., Ltd. (incorporated by reference to Exhibit 10.1 to Adient plc's Current Report on Form 8-K filed on January 31, 2020).*
10.30	Amendment to the Joint Venture Contract of Yanfeng Adient Seating Co., Ltd. (effective upon the satisfaction of the relevant conditions set forth in the Master Agreement filed as Exhibit 10.29 to this Form 10-K) (incorporated by reference to Exhibit 10.2. to Adient plc's Current Report on Form 8-K filed on January 31, 2020).*

10.31	Restricted Shares or Restricted Share Unit Award Agreement for grants made July 1, 2020 under the Adient plc Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to Adient plc's Current Report on Form 8-K filed on May 28, 2020).*
10.32	Amended and Restated Master Agreement, dated as of June 24, 2020, by and among Adient plc, Yanfeng Automotive Trim Systems Company Ltd., Adient Yanfeng Seating Mechanisms Co., Ltd., Yanfeng Adient Seating Co., Ltd. and Yanfeng Global Automotive Interior Systems Co., Ltd. (incorporated by reference to Exhibit 10.1 to Adient plc's Current Report on Form 8-K filed on June 24, 2020).*
10.33	Adient US LLC Retirement Restoration Plan, as amended and restated effective January 1, 2021.
21.1	List of Subsidiaries.
23.1	Consent of Independent Registered Public Accounting Firm.
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Periodic Financial Report by the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

#	Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Adient hereby undertakes to furnish copies of any of the omitted schedules and exhibits upon request by the SEC.
*	Denotes management contract or compensatory plan or arrangement required to be filed as an exhibit hereto.

Item 16. Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Adient plc

By: /s/ Douglas G. Del Grosso
Douglas G. Del Grosso
President and Chief Executive Officer and a Director
Date: November 30, 2020

By: /s/ Jeffrey M. Stafeil
Jeffrey M. Stafeil
Executive Vice President and Chief Financial Officer
Date: November 30, 2020

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below as of November 30, 2020, by the following persons on behalf of the Registrant and in the capacities indicated:

/s/ Douglas G. Del Grosso
Douglas G. Del Grosso
President and Chief Executive Officer and a Director
(Principal Executive Officer)

/s/ Jeffrey M. Stafeil
Jeffrey M. Stafeil
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ Gregory S. Smith
Gregory S. Smith
Vice President and Chief Accounting Officer
(Principal Accounting Officer)

/s/ Richard Goodman
Richard Goodman
Director

/s/ Julie L. Bushman
Julie L. Bushman
Director

/s/ José M. Gutiérrez
José M. Gutiérrez
Director

/s/ Peter H. Carlin
Peter H. Carlin
Director

/s/ Frederick A. Henderson
Frederick A. Henderson
Non-Executive Chairman and Director

/s/ Raymond L. Conner
Raymond L. Conner
Director

/s/ Barb J. Samardzich
Barb J. Samardzich
Director

Exhibit 10.33

ADIENT US LLC

RETIREMENT RESTORATION PLAN

As Amended and Restated Effective January 1, 2021

ARTICLE 1.

PURPOSE AND DURATION

Section 1.1. Purpose. The purpose of this Retirement Restoration Plan is to (a) provide retirement benefits to certain participants in the Company's savings plans, including those whose benefits under said plans are limited by reason of Code Section 401(a)(17), and/or by reason of the election of such employees to defer income or reduce compensation pursuant to this Plan or to defer annual incentive payments pursuant to the Adient US LLC Executive Deferred Compensation Plan, and (b) govern the treatment of certain liabilities transferred from the Johnson Controls Retirement Restoration Plan to this Plan with respect to those Company employees who had account balances or deferral elections in effect under such plan immediately prior to the Effective Date.

This Plan is completely separate from the tax-qualified plans maintained by the Company and is not funded or qualified for special tax treatment under the Code. The Plan is intended to be an unfunded plan covering a select group of management and highly compensated employees for purposes of ERISA.

Section 1.2. Duration of the Plan. The Plan is effective on the Effective Date. The Plan shall remain in effect until terminated pursuant to Article 8.

ARTICLE 2.

DEFINITIONS AND CONSTRUCTION

Section 2.1. Definitions. Wherever used in the Plan, the following terms shall have the meanings set forth below and, where the meaning is intended, the initial letter of the word is capitalized:

(a) "Account" means the record keeping account or accounts maintained to record the interest of each Participant under the Plan. An Account is established for record keeping purposes only and not to reflect the physical segregation of assets on the Participant's behalf, and may consist of such subaccounts or balances as the Administrator may determine to be necessary or appropriate. Effective on the Effective Date, each Participant shall have a beginning Account balance equal to the balance credited to a Participant under the Prior Plan as of immediately prior to the Effective Date.

(b) “Administrator” means the Employee Benefits Policy Committee of Adient plc.

(c) “Affiliate” means each entity that is required to be included in the Company’s controlled group of corporations within the meaning of Code Section 414(b), or that is under common control with the Company within the meaning of Code Section 414(c); *provided* that for purposes of determining when a Participant has incurred a Separation from Service, the phrase “at least 50 percent” shall be used in place of “at least 80 percent” in each place that phrase appears in the regulations issued thereunder.

(d) “Allocation Period” means such period of time (for example, the calendar year or a payroll period) for which an allocation of employer contributions is made under the Savings Plan.

(e) “Annual Incentive Plan” means the Adient plc Annual Incentive Performance Plan as from time to time amended and in effect and any successor to such plan maintained by the Company.

(f) “Beneficiary” means the person(s) or entity(ies) entitled to receive the vested balance of the Participant’s Account following the Participant’s death, as determined pursuant to Section 6.2 hereof.

(g) “Board” means the Board of Directors of Adient plc.

(h) “Code” means the Internal Revenue Code of 1986, as interpreted by regulations and rulings issued pursuant thereto, all as amended and in effect from time to time. Any reference to a specific provision of the Code shall be deemed to include reference to any successor provision thereto.

(i) “Committee” means the Compensation Committee of the Board.

(j) “Company” means Adient US LLC and its successors as provided in Article 13.

(k) “Effective Date” means October 31, 2016.

(l) “ERISA” means the Employee Retirement Income Security Act of 1974, as interpreted by regulations and rulings issued pursuant thereto, all as amended and in effect from time to time. Any reference to a specific provision of ERISA shall be deemed to include reference to any successor provision thereto.

(m) “Exchange Act” means the Securities Exchange Act of 1934, as interpreted by regulations and rules issued pursuant thereto, all as amended and in effect from time to time. Any reference to a specific provision of the Exchange Act shall be deemed to include reference to any successor provision thereto.

(n) “Fair Market Value” means with respect to a Share, except as otherwise provided herein, the closing sales price on the New York Stock Exchange (or such other national securities exchange that is the primary exchange on which the Shares are listed) as of 4:00 p.m. EST on the date in question (or the immediately preceding trading day if the date in question is not a trading day), and with respect to any other property, such value as is determined by the Administrator.

(o) "Investment Options" means the Share Unit Account and any other options made available by the Administrator, which shall be used for the purpose of measuring hypothetical investment experience attributable to a Participant's Account.

(p) "Participant" means an employee of the Company or an Affiliate who is eligible to participate in the Savings Plan and has been selected by the Committee to participate in the Plan. At the time of selecting an employee for participation herein, the Committee shall specify whether such individual is to participate in Appendix A or Appendix B. "Participant" shall also mean an employee who participated in the Prior Plan as of immediately prior to the Effective Date and who is employed by the Company or one of its Affiliates on the Effective Date. The Committee shall limit the foregoing group of eligible employees to a select group of management and highly compensated employees, as determined by the Committee in accordance with ERISA. Where the context so requires, a Participant also means a former employee entitled to receive a benefit hereunder.

(q) "Prior Plan" means the Johnson Controls International plc Retirement Restoration Plan, as in effect immediately prior to the Effective Date.

(r) "Savings Plan" means the Adient US LLC Savings and Investment (401k) Plan, a defined contribution plan, and any successor to such plan maintained by the Company.

(s) "Separation from Service" means a Participant's cessation of service for the Company and all Affiliates within the meaning of Code Section 409A, including the following rules:

(1) If a Participant takes a leave of absence from the Company or an Affiliate for purposes of military leave, sick leave or other bona fide leave of absence, the Participant's employment will be deemed to continue for the first six (6) months of the leave of absence, or if longer, for so long as the Participant's right to reemployment is provided by either by statute or by contract; *provided* that if the leave of absence is due to the Participant's medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of six (6) months or more, and such impairment causes the Participant to be unable to perform the duties of his or her position with the Company or an Affiliate or a substantially similar position of employment, then the leave period may be extended for up to a total of twenty-nine (29) months. If the period of the leave exceeds the time periods set forth above and the Participant's right to reemployment is not provided by either statute or contract, the Participant will be considered to

have incurred a Separation from Service on the first day following the end of the time periods set forth above.

(2) A Participant will be presumed to have incurred a Separation from Service when the level of bona fide services performed by the Participant for the Company and its Affiliates permanently decreases to a level that equal to twenty percent (20%) or less of the average level of services performed by the Participant for the Company and its Affiliates during the immediately preceding thirty-six (36) month period (or such lesser period of service).

(3) The Participant will be presumed not to have incurred a Separation from Service while the Participant continues to provide bona fide services to the Company or an Affiliate in any capacity (whether as an employee or independent contractor) at a level that at least fifty percent (50%) of the average level of services performed by the Participant for the Company and its Affiliates during the immediately preceding 36 month period (or such lesser period of service).

(t) "Share" means an ordinary share of Adient plc, and where the context so requires, an ordinary share of Johnson Controls International plc.

(u) "Share Unit Account" means the portion of the Participant's Account that is deemed invested in Shares.

(v) "Share Units" means the hypothetical Shares that are credited to the Share Unit Accounts in accordance with Section 3.3.

(w) "Spouse" means the person to whom a Participant is lawfully married as recognized under U.S. federal law.

(x) "Valuation Date" means each day when the United States financial markets are open for business, as of which the Administrator will determine the value of each Account and will make allocations to Accounts.

Section 2.2. Construction. Wherever any words are used in the masculine, they shall be construed as though they were used in the feminine in all cases where they would so apply; and wherever any words are used in the singular or the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply. Titles of articles and sections are for general information only, and the Plan is not to be construed by reference to such items.

Section 2.3. Severability. In the event any provision of the Plan is held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

ARTICLE 3.

ADMINISTRATION

Section 3.1. General. The Committee shall have overall discretionary authority with respect to administration of the Plan, *provided* that the Administrator shall have discretionary authority and responsibility for the general operation and daily administration of the Plan and to decide claims and appeals as specified herein. If at any time the Committee shall not be in existence, then the administrative functions of the Committee shall be assumed by the Board (with the assistance of the Administrator), and any references herein to the Committee shall be deemed to include references to the Board.

Section 3.2. Authority and Responsibility. In addition to the authority specifically provided herein, the Committee and the Administrator shall have the discretionary authority to take any action or make any determination deemed necessary for the proper administration of the Plan with regard to the respective duties of each, including but not limited to the power and authority to: (a) prescribe rules and regulations for the administration of the Plan; (b) prescribe forms (including electronic forms) for use with respect to the Plan; (c) interpret and apply all of the Plan's provisions, reconcile inconsistencies or supply omissions in the Plan's terms; (d) make appropriate determinations, including factual determinations, and calculations; and (e) prepare all reports required by law. Any action taken by the Committee shall be controlling over any contrary action of the Administrator. The Committee and the Administrator may delegate their ministerial duties to third parties and to the extent of such delegation, references to the Committee or Administrator hereunder shall mean such delegates, if any.

Section 3.3. Decisions Binding. The Committee's and the Administrator's determinations shall be final and binding on all parties with an interest hereunder, unless determined by a court to be arbitrary and capricious.

Section 3.4. Procedures for Administration. The Committee's determinations must be made by not less than a majority of its members present at the meeting (in person or otherwise) at which a quorum is present, or by written majority consent, which sets forth the action, is signed by the members of the Committee and filed with the minutes for proceedings of the Committee. A majority of the entire Committee shall constitute a quorum for the transaction of business. Service on the Committee shall constitute service as a director of the Company so that the Committee members shall be entitled to indemnification, limitation of liability and reimbursement of expenses with respect to their Committee services to the same extent that they are entitled under the Company's limited liability company agreement (or equivalent governing documents), and the laws of the State of Michigan and any other applicable laws for their services as directors of the Company. The Administrator's determinations shall be made in accordance with procedures it establishes.

Section 3.5. Restrictions to Comply with Applicable Law. All transactions under the Plan are intended to comply with all applicable conditions of Rule 16b-3 under the Exchange Act. The Committee and the Administrator shall administer the Plan so that transactions under the Plan will be exempt from or comply with Section 16 of the Exchange Act, and shall have the right to restrict or rescind any transaction, or impose other rules and requirements, to the extent it deems necessary or desirable for such exemption or compliance to be met.

Section 3.6. Administrative Expenses. Costs of establishing and administering the Plan will be paid by the Company and its participating Affiliates.

Section 3.7. Accelerated Vesting. Notwithstanding anything to the contrary herein, if a Participant's employment with the Company or any of its Affiliates terminates (including as a result of the Participant's employer ceasing to be an Affiliate) in connection with a sale transaction affecting such employer, then the Participant shall become fully vested in his or her benefits hereunder, unless otherwise determined by the Committee (with respect to Participants who are officers of Adient plc) or by an executive officer of the Company (with respect to Participants who are not officers of Adient plc) prior to the date of such termination of employment. In addition, the Committee (with respect to Participants who are officers of Adient plc) and an executive officer of the Company (with respect to Participants who are not officers of Adient plc) shall have the discretion to vest any Participant in his or her benefits hereunder, in whole or in part, upon the Participant's termination of employment from the Company and its Affiliates in any other circumstances.

ARTICLE 4.

SAVINGS PLAN SUPPLEMENT AND HYPOTHETICAL INVESTMENT OPTIONS

Section 4.1. Eligibility for and Amount of Benefits. Participants shall be eligible for benefits in accordance with the terms of the applicable Appendix.

Section 4.2. Investment Election. Amounts credited to a Participant's Account shall reflect the investment experience of the Investment Options selected by the Participant. The Participant may make an initial investment election at the time of enrollment in the Plan.

The investment elections in effect for a Participant under the Prior Plan, if any, as of immediately prior to the Effective Date, shall apply to the Participant's Account hereunder on the Effective Date, without action by the Participant; *provided* that (a) a Participant's investment election with respect to an Investment Option that is not offered under the Savings Plan on the Effective Date shall be automatically changed to the default fund specified for the Savings Plan, and (b) a Participant's election with respect to Share Units will be automatically cancelled on the Effective Date, and such investment election shall be automatically changed to the default fund specified for the Savings Plan. A Participant must affirmatively elect, after the Effective Date, to allocate contributions into, or re-allocate his or her Account into, Share Units as they exist thereafter.

A Participant may also elect to reallocate the balance in his or her Account, and may elect to allocate any future deferrals, among the various Investment Options from time to time. Such investment elections shall remain in effect until changed by the Participant. All investment elections shall become effective as soon as practicable after receipt of such election, and must be made in the form and manner and within such time periods as the Administrator may prescribe in order to be effective. In the absence of an effective election, the Participant's Account shall be deemed invested in the default fund specified for the Savings Plan. Deferrals will be deemed invested in an Investment Option as of the date on which the deferrals are allocated under the Plan as described in the Appendices.

On each Valuation Date, the Administrator or its delegate shall credit the deemed investment experience with respect to the selected Investment Options to each Participant's Account.

Notwithstanding anything herein to the contrary, the Company retains the right to allocate actual amounts hereunder without regard to a Participant's request.

Section 4.3. Valuation of Share Unit Account. When any amounts are to be allocated to a Share Unit Account (whether in the form of deferrals or amounts that are deemed transferred from another Investment Option), such amount shall be converted to whole and fractional Share Units, by dividing the amount to be allocated by the Fair Market Value of a Share on the effective date of such allocation. If any dividends or other distributions are paid on Shares while a Participant has Share Units credited to his or her Account, such Participant shall be credited with a dividend award equal to the amount of the cash dividend paid or Fair Market Value of other property distributed on one Share, multiplied by the number of Share Units credited to his or her Share Unit Account on the date the dividend is declared. The dividend award shall be converted into additional Share Units as provided above using the Fair Market Value of a Share on the date the dividend is paid or distributed. Any other provision of this Plan to the contrary notwithstanding, if a dividend is declared on Shares in the form of a right or rights to purchase shares of capital stock of the Company or any entity acquiring the Company, no additional Share Units shall be credited to the Participant's Share Unit Account with respect to such dividend, but each Share Unit credited to a Participant's Share Unit Account at the time such dividend is paid, and each Share Unit thereafter credited to the Participant's Share Unit Account at a time when such rights are attached to Shares, shall thereafter be valued as of any point in time on the basis of the aggregate of the then Fair Market Value of one Share plus the then Fair Market Value of such right or rights then attached to one Share.

With respect to Share Units credited as part of the opening balance of a Participant's Account hereunder on the Effective Date, such Share Units shall be credited as a combination of Johnson Controls International plc ordinary shares and Adient plc ordinary shares, in accordance with the Employee Matters Agreement by and between Johnson Controls, Inc. and Adient plc. Thereafter, the Share Units relating to Johnson Controls International plc ordinary shares shall be allocated to a separate subaccount, which shall be subject to the terms and conditions of this Plan (including the right to receive additional Share Units with respect to Johnson Controls International plc ordinary shares whenever a dividend is declared on Johnson Controls International plc ordinary shares), except that a Participant may only elect to re-allocate out of the subaccount relating to Johnson Controls International plc ordinary shares.

In the event of any merger, share exchange, reorganization, consolidation, recapitalization, stock dividend, stock split or other change in corporate structure of Adient plc (or, if applicable, Johnson Controls International plc) affecting Shares, the Committee may make appropriate equitable adjustments with respect to the Share Units credited to the Share Unit Account of each Participant, including without limitation, adjusting the date as of which such units are valued and/or distributed, as the Committee determines is necessary or desirable to prevent the dilution or enlargement of the benefits intended to be provided under the Plan.

Section 4.4. Securities Law Restrictions. Notwithstanding anything to the contrary herein, all elections under this Article by a Participant who is subject to Section 16 of the Exchange Act are subject to review by the Administrator prior to implementation. The Administrator may restrict additional transactions, rescind transactions, or impose other rules and procedures, to the extent deemed desirable by the Administrator in order to comply with the Exchange Act, including, without limitation, application of the review and approval provisions of this Section 4.4 to Participants who are not subject to Section 16 of the Exchange Act.

Section 4.5. No Shareholder Rights With Respect to Share Units. Participants shall have no rights as a stockholder pertaining to Share Units credited to their Accounts.

Section 4.6. Accounts are For Record Keeping Purposes Only. The Accounts and the record keeping procedures described herein serve solely as a device for determining the amount of benefits accumulated by a Participant under the Plan, and shall not constitute or imply an obligation on the part of the Company or any Affiliate to fund such benefits.

Section 4.7. Payment of Benefits. Upon a Participant's Separation from Service for any reason, the Participant shall be entitled to payment of the vested balance of the Participant's Account in cash in the manner specified in the applicable Appendix.

Section 4.8. Death Benefit.

(a) In the event of the Participant's death prior to receiving all payments due under this Article 4, the vested balance of the Participant's Account shall be paid to the Participant's Beneficiary in a cash lump sum in the first calendar quarter of the year or the third calendar quarter of the year, whichever first occurs after the Participant's death. Notwithstanding the foregoing, if the Administrator cannot make payment at such time because the Administrator has not received all information needed to authorize such payment (such as a copy of the Participant's death certificate), then the Administrator shall make payment to the Beneficiary as soon as practicable after it has received all information necessary to make such payment, *provided* that payment in all events must be made by December 31 of the year following the year of the Participant's death in order to avoid additional taxes under Code Section 409A.

(b) Each Participant may designate a Beneficiary in such form and manner and within such time periods as the Administrator may prescribe. Notwithstanding the foregoing, the beneficiary designation in effect under the Prior Plan on the date prior to the Effective Date shall automatically apply for purposes of this Plan on the Effective Date. A Participant can change his or her beneficiary designation at any time, *provided* that each beneficiary designation shall revoke the most recent designation, and the last designation received by the Administrator (or its delegate) while the Participant was alive shall be given effect. If a Participant designates a

Beneficiary without providing in the designation that the beneficiary must be living at the time of each distribution, the designation shall vest in the Beneficiary all of the distribution whether payable before or after the Beneficiary's death, and any distributions remaining upon the Beneficiary's death shall be made to the Beneficiary's estate. In the event there is no valid beneficiary designation in effect at the time of the Participant's death, or in the event the Participant's designated Beneficiary does not survive the Participant, or in the event that the beneficiary designation provides that the Beneficiary must be living at the time of each distribution and such designated Beneficiary does not survive to a distribution date, the Participant's estate will be deemed the Beneficiary and will be entitled to receive payment. If a Participant designates his or her Spouse as a Beneficiary, such beneficiary designation automatically shall become null and void on the date of the Participant's divorce or legal separation from such Spouse, *provided* the Administrator has notice of such divorce or legal separation prior to payment.

ARTICLE 5.

ADDITIONAL PAYMENT PROVISIONS

Section 5.1. Acceleration of Payment. Notwithstanding the foregoing,

(a) If an amount deferred under this Plan is required to be included in income under Code Section 409A prior to the date such amount is actually distributed, a Participant shall receive a distribution, in a lump sum within ninety (90) days after the date the Plan fails to meet the requirements of Code Section 409A, of the amount required to be included in the Participant's income as a result of such failure.

(b) If an amount under the Plan is required to be immediately distributed in a lump sum under a domestic relations order within the meaning of Code Section 414(p)(1)(B), it may be distributed according to the terms of such order, *provided* the Participant holds the Committee and the Administrator harmless with respect to such distribution. The Plan shall not distribute amounts required to be distributed under a domestic relations order other than in the limited circumstance specifically stated herein.

Section 5.2. Delay in Payment. Notwithstanding the foregoing,

(a) If a distribution required under the terms of this Plan would jeopardize the ability of the Company or of an Affiliate to continue as a going concern, the Company or the Affiliate shall not be required to make such distribution. Rather, the distribution shall be delayed until the first date that making the distribution does not jeopardize the ability of the Company or of an Affiliate to continue as a going concern. Any distribution delayed under this provision shall be treated as made on the date specified under the terms of this Plan.

(b) If a distribution will violate the terms of Section 16(b) of the Exchange Act or other U.S. federal securities laws, or any other applicable law, then the distribution shall be delayed until the earliest date on which making the distribution will not violate such law.

ARTICLE 6.

NON-ALIENATION OF PAYMENTS

Except as specifically provided herein, benefits payable under the Plan shall not be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment, garnishment or encumbrance of any kind. Any attempt to alienate, sell, transfer, assign, pledge or otherwise encumber any such benefit payment, whether currently or thereafter payable, shall not be recognized by the Administrator or the Company. Any benefit payment due hereunder shall not in any manner be liable for or subject to the debts or liabilities of any Participant or other person entitled thereto. If any such person shall attempt to alienate, sell, transfer, assign, pledge or encumber any benefit payments to be made to that person under the Plan or any part thereof, or if by reason of such person's bankruptcy or other event happening at any time, such payments would devolve upon anyone else or would not be enjoyed by such person, then the Administrator, in its discretion, may terminate such person's interest in any such benefit payment, and hold or apply it to or for the benefit of that person, the spouse, children or other dependents thereof, or any of them, in such manner as the Administrator deems proper.

ARTICLE 7.

LIMITATION OF RIGHTS

Section 7.1. No Right to Employment. Participation in this Plan, or any modifications thereof, or the payments of any benefits hereunder, shall not be construed as giving to any person any right to be retained in the service of the Company or any Affiliate, limiting in any way the right of the Company or any Affiliate to terminate such person's employment at any time, evidencing any agreement or understanding that the Company or any Affiliate will employ such person in any particular position or at any particular rate of compensation or guaranteeing such person any right to receive any other form or amount of remuneration from the Company or any Affiliate.

Section 7.2. No Right to Benefits.

(a) Unsecured Claim. The right of a Participant, his or her Spouse or his or her Beneficiary to receive a distribution hereunder shall be an unsecured claim, and neither the Participant, his or her Spouse nor any Beneficiary shall have any rights in or against any amount credited to his or her Account or any other specific assets of the Company or an Affiliate. The right of a Participant or beneficiary to the payment of benefits under this Plan shall not be assigned, encumbered, or transferred, except as permitted under Section 4.8. The rights of a Participant hereunder are exercisable during the Participant's lifetime only by him or her or his or her guardian or legal representative.

(b) Contractual Obligation. The Company or an Affiliate may authorize the creation of a trust or other arrangements to assist it in meeting the obligations created under the Plan, subject to the restrictions on such funding such trust or arrangement imposed by Code Section 409A(b)(2) or (3). However, any liability to any person with respect to the Plan shall be based solely upon any contractual obligations that may be created pursuant to the Plan. No obligation of the Company or an Affiliate shall be deemed to be secured by any pledge of, or other encumbrance on, any property of the Company or any Affiliate. Nothing contained in this Plan and no action taken pursuant to its terms shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company or an Affiliate and any Participant, Spouse or Beneficiary, or any other person.

ARTICLE 8.

AMENDMENT OR TERMINATION

Section 8.1. Amendment. The Committee may at any time amend the Plan, including but not limited to modifying the terms and conditions applicable to (or otherwise eliminating) deferrals to be made on or after the amendment date to the extent not prohibited by Code Section 409A; *provided, however,* that no amendment may reduce or eliminate any vested Account balance accrued under Article 4 to the date of such amendment (except as such Account balance may be reduced as a result of investment losses allocable to such account) without a Participant's consent except as otherwise specifically provided herein; and *provided further* that the Board must approve any amendment that is required to be approved by the Board by any applicable law or the listing requirements of the national securities exchange upon which the ordinary shares of Adient plc are then traded. In addition, the Administrator may at any time amend the Plan to make administrative or ministerial changes or changes necessary to comply with applicable law.

Section 8.2. Termination. The Committee may terminate the Plan in accordance with the following provisions. Upon termination of the Plan, any deferral elections then in effect shall be cancelled to the extent permitted by Code Section 409A. Upon termination of the Plan, the Committee may authorize the payment of all vested Account balances under the Plan in a single lump sum payment without regard to any distribution election then in effect, only in the following circumstances:

(1) The Plan is terminated within twelve (12) months of a corporate dissolution taxed under Code Section 331, or with the approval of a bankruptcy court pursuant to 11 U.S.C. Section 503(b)(1)(A). In such event, the single lump sum payment must be distributed by the latest of: (A) the last day of the calendar year in which the Plan termination occurs, (B) the first calendar year in which the amount is no longer subject to a substantial risk of forfeiture, or (C) the first calendar year in which payment is administratively practicable.

(2) The Plan is terminated at any other time, *provided* that such termination does not occur proximate to a downturn in the financial health of the Company or an Affiliate, and all other plans required to be aggregated with this Plan under Code Section 409A are also terminated and liquidated. In such event, the single sum payment shall be paid no earlier than twelve (12) months (and no later than twenty-four (24) months) after the date of the Plan's termination. Notwithstanding the foregoing, any

payment that would otherwise be paid during the twelve (12)-month period beginning on the Plan termination date pursuant to the terms of the Plan shall be paid in accordance with such terms. In addition, the Company or any Affiliate shall be prohibited from adopting a similar arrangement within three (3) years following the date of the Plan's termination.

Section 8.3. Modification of Savings Plan. Nothing herein shall be construed in any way to limit the right of the Company to amend or modify the Savings Plan.

ARTICLE 9.

SPECIAL RULES APPLICABLE IN THE EVENT OF A CHANGE OF CONTROL

Section 9.1. Acceleration of Payments. Notwithstanding any other provision of this Plan, each Participant (or any Spouse or Beneficiary thereof entitled to receive payments hereunder), including Participants (or Spouses or Beneficiaries) receiving installment payments under the Plan, shall receive a lump sum payment in cash of all amounts accumulated in such Participant's Account within ninety (90) days following a Change of Control.

In determining the amount accumulated in a Participant's Share Unit Account related to Shares of Adient plc, each Share Unit shall have a value equal to the higher of (a) the highest reported sales price, regular way, of such a Share on the Composite Tape for New York Stock Exchange Listed Stocks (or such other national securities exchange that is the primary exchange on which the Shares are listed) during the sixty-day period prior to the date of the Change of Control and (b) if the Change of Control is the result of a transaction or series of transactions described in Section 9.2(a), the highest price per Share paid in such transaction or series of transactions.

Section 9.2. Definition of a Change of Control. A Change of Control means any of the following events, *provided* that each such event would constitute a change of control within the meaning of Code Section 409A:

(a) The acquisition by any Person (as defined below) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of thirty-five percent (35%) or more of either (1) the then-outstanding Shares of Adient plc (the "Outstanding Adient Ordinary Shares") or (2) the combined voting power of the then-outstanding voting securities of Adient plc entitled to vote generally in the election of directors (the "Outstanding Adient Voting Securities*"); provided, however*, that the following acquisitions shall not constitute a Change of Control: (A) any acquisition directly from Adient plc, (B) any acquisition by Adient plc, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by Adient plc or any Affiliate or (D) any acquisition by any corporation pursuant to a transaction that complies with subsections (c)(1)-(3);

(b) Any time at which individuals who, as of the Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; *provided, however*, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by Adient plc's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(c) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction, whether by way of scheme of arrangement or otherwise, involving Adient plc or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of Adient plc, or the acquisition of assets or shares of another entity by Adient plc or any of its subsidiaries (each, a "Business Combination"), in each case unless, following such Business Combination, (1) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Adient Ordinary Shares and the Outstanding Adient Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of the then-outstanding common or ordinary shares and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns Adient plc or all or substantially all of Adient plc's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Adient Ordinary Shares and the Outstanding Adient Voting Securities, as the case may be, (2) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of Adient plc or an Affiliate or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, thirty-five percent (35%) or more of, respectively, the then-outstanding shares of common or ordinary shares of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (3) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(d) Approval by the shareholders of Adient plc of a complete liquidation or dissolution of Adient plc.

For purposes hereof, the term "Person" means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).

Section 9.3. Maximum Payment Limitations.

(a) Limit on Payments. Except as provided in subsection (b) below, if any portion of the payments or benefits described in this Plan or under any other agreement with or plan of the Company or an Affiliate (in the aggregate, "Total Payments"), would constitute an "excess parachute payment", then the Total Payments to be made to the Participant shall be reduced such that the value of the aggregate Total Payments that the Participant is entitled to receive shall be one dollar ($1) less than the maximum amount which the Participant may receive without becoming subject to the tax imposed by Section 4999 of the Code or which the Company may pay without loss of deduction under Section 280G(a) of the Code. The terms "excess parachute payment" and "parachute payment" shall have the meanings assigned to them in Section 280G of the Code, and such "parachute payments" shall be valued as provided therein. Present value shall be calculated in accordance with Section 280G(d)(4) of the Code. Within forty (40) days following delivery of notice by the Company to the Participant of its belief that there is a payment or benefit due the Participant which will result in an excess parachute payment, the Participant and the Company, at the Company's expense, shall obtain the opinion (which need not be unqualified) of nationally recognized tax counsel selected by the Company's independent auditors and acceptable to the Participant in his or her sole discretion (which may be regular outside counsel to the Company), which opinion sets forth (1) the amount of the Base Period Income, (2) the amount and present value of Total Payments and (3) the amount and present value of any excess parachute payments determined without regard to the limitations of this Section. As used in this Section, the term "Base Period Income" means an amount equal to the Participant's "annualized includible compensation for the base period" as defined in Section 280G(d)(1) of the Code. For purposes of such opinion, the value of any noncash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code, which determination shall be evidenced in a certificate of such auditors addressed to the Company and the Participant. Such opinion shall be addressed to the Company and the Participant and shall be binding upon the Company and the Participant. If such opinion determines that there would be an excess parachute payment, the payments hereunder that are includible in Total Payments or any other payment or benefit determined by such counsel to be includible in Total Payments shall be reduced or eliminated as specified by the Participant in writing delivered to the Company within thirty days of his or her receipt of such opinion or, if the Participant fails to so notify the Company, then as the Company shall reasonably determine, so that under the bases of calculations set forth in such opinion there will be no excess parachute payment. If such legal counsel so requests in connection with the opinion required by this Section, the Participant and the Company shall obtain, at the Company's expense, and the legal counsel may rely on in providing the opinion, the advice of a firm of recognized executive compensation consultants as to the reasonableness of any item of compensation to be received by the Participant. If the provisions of Sections 280G and 4999 of the Code are repealed without succession, then this Section shall be of no further force or effect.

(b) Employment Contract Governs. The provisions of subsection (a) above shall not apply to a Participant whose employment is governed by an employment contract that provides for Total Payments in excess of the limitation described in subsection (a) above.

ARTICLE 10.

ERISA PROVISIONS

Section 10.1. Claims Procedures.

(a) Initial Claim. If a Participant, Spouse or Beneficiary (the “claimant”) believes that he or she is entitled to a benefit under the Plan that is not provided, the claimant or his or her legal representative shall file a written claim for such benefit with the Administrator within ninety (90) days of the date the payment that is in dispute should have been made. The Administrator shall review the claim and render a decision within ninety (90) days following the receipt of the claim; *provided* that the Administrator may determine that an additional ninety (90) day extension is necessary due to circumstances beyond the Administrator’s control, in which event the Administrator shall notify the claimant prior to the end of the initial period that an extension is needed, the reason therefore, and the date by which the Administrator expects to render a decision. If the claimant’s claim is denied in whole or part, the Administrator shall provide written notice to the claimant of such denial. The written notice shall include the specific reason(s) for the denial; reference to specific Plan provisions upon which the denial is based; a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and a description of the Plan’s review procedures (as set forth in subsection (b)) and the time limits applicable to such procedures, including a statement of the claimant’s right to bring a civil action under section 502(a) of ERISA following an adverse determination upon review.

(b) Request for Appeal. The claimant has the right to appeal the Administrator’s decision by filing a written appeal to the Administrator within sixty (60) days after the claimant’s receipt of the Administrator’s decision, although to avoid penalties under Code Section 409A, the claimant’s appeal must be filed within one hundred eighty (180) days of the date payment could have been timely made in accordance with the terms of the Plan and pursuant to Regulations promulgated under Code Section 409A. The claimant will have the opportunity, upon request and free of charge, to have reasonable access to and copies of all documents, records and other information relevant to the claimant’s appeal. The claimant may submit written comments, documents, records and other information relating to his or her claim with the appeal. The Administrator will review all comments, documents, records and other information submitted by the claimant relating to the claim, regardless of whether such information was submitted or considered in the initial claim determination. The Administrator shall make a determination on the appeal within sixty (60) days after receiving the claimant’s written appeal; *provided* that the Administrator may determine that an additional sixty (60)-day extension is necessary due to circumstances beyond the Administrator’s control, in which event the Administrator shall notify the claimant prior to the end of the initial period that an extension is needed, the reason therefor and the date by which the Administrator expects to render a decision. If the claimant’s appeal is denied in whole or part, the Administrator shall provide written notice to the claimant of such denial. The written notice shall include the specific reason(s) for the denial; reference to specific Plan provisions upon which the denial is based; a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records, and other information relevant to the claimant's claim; and a statement of the claimant's right to bring a civil action under section 502(a) of ERISA. If the claimant does not receive a written decision within the time period(s) described above, the appeal shall be deemed denied on the last day of such period(s).

Section 10.2. ERISA Fiduciary. For purposes of ERISA, the Committee shall be considered the named fiduciary under the Plan and the plan administrator, except with respect to claims and appeals, for which the Administrator shall be considered the named fiduciary.

ARTICLE 11.

TAX WITHHOLDING

The Company or any Affiliate shall have the right to deduct from any deferral or payment made hereunder, or from any other amount due a Participant, the amount of cash sufficient to satisfy the Company's or Affiliate's foreign, federal, state or local income tax withholding obligations with respect to such deferral (or vesting thereof) or payment. In addition, if prior to the date of distribution of any amount hereunder, the Federal Insurance Contributions Act (FICA) tax imposed under Code Sections 3101, 3121(a) and 3121(v)(2), where applicable, becomes due, the Company may distribute from the Participant's Account balance the amount needed to pay the Participant's portion of such tax, plus an amount equal to the withholding taxes due under federal, state or local law resulting from the payment of such FICA tax, and an additional amount to pay the additional income tax at source on wages attributable to the pyramiding of the Code Section 3401 wages and taxes, but no greater than the aggregate of the FICA amount and the income tax withholding related to such FICA tax amount.

ARTICLE 12.

OFFSET

The Company or any Affiliate shall have the right to offset from any amount payable hereunder (at the time such amount would have otherwise been paid) any amount that the Participant owes to the Company or any Affiliate without the consent of the Participant (or his or her Spouse or Beneficiary, in the event of the Participant's death).

ARTICLE 13.

SUCCESSORS

All obligations of the Company or any Affiliate under the Plan shall be binding on any successor to the Company or such Affiliate, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the business and/or assets of the Company or such Affiliate.

ARTICLE 14.

DISPUTE RESOLUTION

Section 14.1. Governing Law. This Plan is intended to be a plan of deferred compensation maintained for a select group of management or highly compensated employees as that term is used in ERISA, and shall be interpreted so as to comply with the applicable requirements thereof. In all other respects, the Plan is to be construed and its validity determined according to the laws of the State of New York, without reference to conflict of law principles thereof, to the extent such laws are not preempted by federal law.

Section 14.2. Limitation on Actions. Any action or other legal proceeding under ERISA with respect to the Plan may be brought only after the claims and appeals procedures of Article 10 are exhausted and only within the period ending on the earlier of (a) one year after the date the claimant receives notice of a denial or deemed denial upon appeal under Section 10.1(b), or (b) the expiration of the applicable statute of limitations period under applicable federal law. Any action or other legal proceeding not adjudicated under ERISA must be arbitrated in accordance with the provisions of Section 14.3.

Section 14.3. Arbitration.

(a) Application. Notwithstanding any employee agreement in effect between a Participant and the Company or any Affiliate, if a Participant, Spouse or Beneficiary brings a claim that relates to benefits under this Plan that is not covered under ERISA, and regardless of the basis of the claim (including but not limited to, actions under Title VII, wrongful discharge, breach of employment agreement, etc.), such claim shall be settled by final binding arbitration in accordance with the rules of the American Arbitration Association (“AAA”) and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

(b) Initiation of Action. Arbitration must be initiated by serving or mailing a written notice of the complaint to the other party. Normally, such written notice should be provided to the other party within one year (365 days) after the day the complaining party first knew or should have known of the events giving rise to the complaint. However, this time frame may be extended if the applicable statute of limitation provides for a longer period of time. If the complaint is not properly submitted within the appropriate time frame, all rights and claims that the complaining party has or may have against the other party shall be waived and void. Any notice sent to the Company shall be delivered to:

Office of General Counsel
Adient US LLC
833 East Michigan Street, Suite 1100
Milwaukee, WI 53202

The notice must identify and describe the nature of all complaints asserted and the facts upon which such complaints are based. Notice will be deemed given according to the date of any postmark or the date of time of any personal delivery.

(c) Compliance with Personnel Policies. Before proceeding to arbitration on a complaint, the Participant, Spouse or beneficiary must initiate and participate in any complaint resolution procedure identified in the Company's or Affiliate's personnel policies. If the claimant has not initiated the complaint resolution procedure before initiating arbitration on a complaint, the initiation of the arbitration shall be deemed to begin the complaint resolution procedure. No arbitration hearing shall be held on a complaint until any applicable Company or Affiliate complaint resolution procedure has been completed.

(d) Rules of Arbitration. All arbitration will be conducted by a single arbitrator according to the Employment Dispute Arbitration Rules of the AAA. The arbitrator will have authority to award any remedy or relief that a court of competent jurisdiction could order or grant including, without limitation, specific performance of any obligation created under policy, the awarding of punitive damages, the issuance of any injunction, costs and attorney's fees to the extent permitted by law, or the imposition of sanctions for abuse of the arbitration process. The arbitrator's award must be rendered in a writing that sets forth the essential findings and conclusions on which the arbitrator's award is based.

(e) Representation and Costs. Each party may be represented in the arbitration by an attorney or other representative selected by the party. The Company or Affiliate shall be responsible for its own costs, the AAA filing fee and all other fees, costs and expenses of the arbitrator and AAA for administering the arbitration. The claimant shall be responsible for his or her attorney's or representative's fees, if any. However, if any party prevails on a statutory claim which allows the prevailing party costs and/or attorneys' fees, the arbitrator may award costs and reasonable attorneys' fees as provided by such statute.

(f) Discovery; Location; Rules of Evidence. Discovery will be allowed to the same extent afforded under the Federal Rules of Civil Procedure. Arbitration will be held at a location selected by the Company. AAA rules notwithstanding, the admissibility of evidence offered at the arbitration shall be determined by the arbitrator who shall be the judge of its materiality and relevance. Legal rules of evidence will not be controlling, and the standard for admissibility of evidence will generally be whether it is the type of information that responsible people rely upon in making important decisions.

(g) Confidentiality. The existence, content or results of any arbitration may not be disclosed by a party or arbitrator without the prior written consent of both parties. Witnesses who are not a party to the arbitration shall be excluded from the hearing except to testify.

APPENDIX A

1. Eligibility. This Appendix A covers Participants whom the Committee has selected to be covered hereunder. A Participant shall commence participation hereunder on the date such individual is selected by the Committee for participation in this Appendix A or on the date such individual becomes employed in a position that has been previously approved for participation hereunder by the Committee.

2. Savings Plan Supplement.

(a) Before-Tax Contributions Allocation. For each calendar year, each Participant may elect that, in the event the Participant's ability to make Before-Tax Matched Contributions under the Savings Plan is expected to be limited by reason of Sections 401(k), 402(g) or 415 of the Code and/or the limit on considered compensation under Section 401(a)(17) of the Code, then the difference between the amount of Before-Tax Matched Contributions that the Participant could have made under the Savings Plan for any calendar year (assuming the Participant elected the maximum amount of Before-Tax Matched Contributions for the calendar year and did not change his or her election during the calendar year) and the amount that would have been contributed as Before-Tax Matched Contributions but for such limits shall be credited, as of December 31 of such year or such other dates as may be specified by the Administrator, to the Participant's Account. A Participant's election shall be made prior to the first day of the calendar year to which it relates, and shall be irrevocable as of the first day of such year.

Notwithstanding the foregoing:

(i) if an employee is newly hired during the calendar year into a position covered by this Appendix A, he or she may elect, within the first thirty (30) days after being hired, whether to defer his or her compensation for the remainder of the calendar year. If such election is made, it shall apply to base salary earned starting with the first pay period after the election is filed with the Company, and shall apply to pro-rated bonus compensation determined in accordance with Code Section 409A; and

(ii) if an employee is newly promoted during the calendar year into a position covered by this Appendix A, he or she may not make an election for the remainder of the calendar year of such promotion. Such an individual will be eligible to make his or her first deferral election for the following calendar year in accordance with the first paragraph of this subsection (a).

A Participant's election shall be effective only for the calendar year (or remainder of the calendar year) to which the election relates, and shall not carry over from year to year. An election under this subsection (a) shall constitute an election by the Participant to reduce the Participant's compensation by the amount determined under this subsection. The Participant's election shall be made in the form and manner and within such timeframes as the Administrator may prescribe.

A Participant's election as in effect on the date prior to the Effective Date under Appendix A of the Prior Plan shall automatically apply hereunder for the remainder of 2016.

(b) Matching Contributions Allocation. Each Allocation Period, a Participant's Account shall also be credited with an amount equal to the difference between the amount of Matching Contributions actually credited to the Participant's Savings Plan account for such period and the amount of Matching Contributions that would have been so credited if the amount determined under subsection (a) had actually been contributed to the Savings Plan (determined without regard to the limitations imposed by Sections 401(m) and 415 of the Code), but only with respect to the period the Participant is covered by this Plan (and the Prior Plan with respect to 2016); *provided* the Participant has met the eligibility requirements to receive a Matching Contribution under the Savings Plan for such period. The Matching Contributions credited hereunder shall be allocated to the Participant's Account at the same time as Matching Contributions are allocated under the Savings Plan, and shall be subject to the same vesting requirements as are imposed on matching contributions under the Savings Plan, except that vesting will not be accelerated as a result of the Participant's death while employed.

(c) Non-Matching Employer Allocation. Each Allocation Period, starting as of January 1, 2021, a Participant's Account shall be credited with an amount equal to the difference between the amount of Non-Matching Employer Contributions actually credited to the Participant's Savings Plan account for such Allocation Period and the amount of Non-Matching Employer Contributions that would have been so credited if the limit on considered compensation under Section 401(a)(17) of the Code did not apply and by including all amounts of cash compensation which the Participant would have received under the Annual Incentive Plan for such period but for a deferral election; *provided* the Participant has met the eligibility requirements to receive a Non-Matching Employer Contribution under the Savings Plan for such Allocation Period. The Non-Matching Employer Contributions credited hereunder shall be allocated to the Participant's Account at the same time as Non-Matching Employer Contributions are allocated under the Savings Plan, and shall be subject to the same vesting requirements as are imposed on Non-Matching Employer Contributions under the Savings Plan, except that vesting will not be accelerated as a result of the Participant's death while employed. (Prior to January 1, 2021, "Non-Matching Employer Contributions" were known as "Retirement Income Contributions.")

(d) Modification of Compensation. Notwithstanding the foregoing, when determining a Participant's compensation for purposes of subsections (a), (b) and (c), the only bonus that may be included is the amount a Participant receives (or would receive but for a deferral election) under the Annual Incentive Plan.

(e) Distribution Election.

(1) If a Participant was previously participating under Appendix B, then the portion of the Participant's Account that is credited under Appendix B (as adjusted for earnings or losses thereon) shall be paid in a lump sum.

(2) The amounts deferred hereunder in the first year of participation (as adjusted for earnings and losses thereon), if any, shall be paid in a lump sum.

(3) With respect to amounts deferred after the first year of participation, a Participant may make a distribution election specifying whether distributions shall be made in a single lump sum or in annual installments of from two (2) to ten (10) years. Such election must be submitted by the deadline established by the Administrator, which cannot be later than December 31 of the prior year, and shall be made in such form and manner as the Administrator may prescribe. Such election shall be irrevocable. If no valid election is in effect, distribution shall be made in ten (10) annual installments.

(4) With respect to any Participant on the Effective Date who was a participant in the Prior Plan immediately prior to the Effective Date, (i) the distribution elections applicable to such individual's account under the Prior Plan will continue to apply to the Participant's sub-account established with respect to the 2016 calendar year, and (ii) the Participant shall be permitted to make a different distribution election with respect to amounts deferred in 2017 and later, consistent with paragraph (3) above.

(f) Manner of Distribution. The Participant's Account (or any sub-account established to reflect a different form of distribution) shall be paid in cash in the following manner:

(1) Lump Sum. If payment is to be made in a lump sum,

(A) for those Participants whose Separation from Service occurs from January 1 through June 30 of a year, payment shall be made in the first calendar quarter of the following year, and

(B) for those Participants whose Separation from Service occurs from July 1 through December 31 of a year, payment shall be made in the third calendar quarter of the following year.

The lump sum payment shall equal the vested balance of the Participant’s Account (or sub-account, if applicable) as of the Valuation Date immediately preceding the distribution date.

(2) Installments. If payment is to be made in annual installments, the first annual payment shall be made:

(A) for those Participants whose Separation from Service occurs from January 1 through June 30 of a year, in the first calendar quarter of the following year, and

(B) for those Participants whose Separation from Service occurs during the period from July 1 through December 31 of a year, in the third calendar quarter of the following year.

The amount of the first annual payment shall equal the value of $1/10^{th}$ (or $1/9^{th}$, $1/8^{th}$, $1/7^{th}$, etc. depending on the number of installments elected) of the vested balance of the Participant’s Account (or sub-account, if applicable) as of the Valuation Date immediately preceding the distribution date. All subsequent annual payments shall be made on or around the anniversary of the initial payment date of each subsequent calendar year, and shall be equal the value of $1/9^{th}$ (or $1/8^{th}$, $1/7^{th}$, $1/6^{th}$, etc. depending on the number of installments elected) of the vested balance of the Participant’s Account (or sub-account) as of the Valuation Date immediately preceding the distribution date. The final annual installment payment shall equal the then remaining vested balance of such Account as of the Valuation Date preceding such final payment date.

Notwithstanding the foregoing, if the vested balance of a Participant’s entire Account as of the Valuation Date immediately preceding a distribution date is $50,000 or less, then the entire vested balance of the Participant’s Account shall be paid in a single lump sum on such distribution date.

APPENDIX B

1. Eligibility. This Appendix B covers Participants whom the Committee has selected to be covered hereunder and whose Non-Matching Employer Contribution under the Savings Plan is limited by reason of the application of Code Section 401(a)(17).

2. Participation Date. A Participant shall commence participation hereunder on the later of the date such individual is selected by the Committee for participation in this Appendix B (or the date such Participant becomes employed in a position that has been previously approved for participation hereunder by the Committee) and the date the Participant's compensation first exceeds the Code Section 401(a)(17) limit. For this purpose, the only bonus that may be included in compensation is the amount a Participant receives (or would receive but for a deferral election) under the Annual Incentive Plan for the calendar year.

3. Vesting. The Account established under this Appendix B shall be subject to the same vesting requirements as are imposed on Non-Matching Employer Contributions under the Savings Plan, except that vesting will not be accelerated as a result of the Participant's death while employed.

4. Non-Matching Employer Allocation. Each Allocation Period, a Participant's Account shall be credited with an amount equal to the difference between the amount of Non-Matching Employer Contributions actually credited to the Participant's account under the Savings Plan for such Allocation Period and the amount of Non-Matching Employer Contributions that would have been so credited if the limit on considered compensation under Section 401(a)(17) of the Code did not apply and by including all amounts of cash compensation which the Participant would have received under the Annual Incentive Plan for such period but for a deferral election; *provided* the Participant has met the eligibility requirements to receive a Non-Matching Employer Contribution under the Savings Plan for such period. The Non-Matching Employer Contributions will be allocated to a Participant's Account at the same time as Non-Matching Employer Contributions are allocated under the Savings Plan. (Prior to January 1, 2021, "Non-Matching Employer Contributions" were known as "Retirement Income Contributions.")

5. Manner of Distribution. Amounts credited under this Appendix B (plus earnings thereon) shall be paid in a cash lump sum as follows: (a) for those Participants whose Separation from Service occurs from January 1 through June 30 of a year, payment shall be made in the first calendar quarter of the following year, and (b) for those Participants whose Separation from Service occurs from July 1 through December 31 of a year, payment shall be made in the third calendar quarter of the following year.

   The lump sum payment shall equal the vested balance of the Participant's Account as of the Valuation Date immediately preceding the distribution date.

Exhibit 21.1

Subsidiaries of Adient plc*

Name of Entity	Jurisdiction of Formation	Economic Interest (if not 100%)
Adient & Summit Corporation Ltd.	Thailand	68.0%
Adient (Thailand) Co., Ltd.	Thailand	68.0%
Adient Asia Holdings Co., Limited	Hong Kong	
Adient Automotive Argentina S.R.L.	Argentina	
Adient Automotive Components (M) Sdn. Bhd.	Malaysia	89.0%
Adient Automotive Interior Investment Co., Limited	Hong Kong	
Adient Automotive Romania S.R.L.	Romania	
Adient Automotive Seating (M) Sdn. Bhd.	Malaysia	89.0%
Adient Belgium BVBA	Belgium	
Adient Beteiligungs GmbH	Germany	
Adient Bor s.r.o.	Czech Republic	
Adient Clanton Inc.	US	
Adient Components Ltd. & Co. KG	Germany	
Adient do Brasil Bancos Automotivos Ltda.	Brazil	
Adient DongSung Inc	Korea	60.0%
Adient Eldon Inc.	US	
Adient Financial Luxembourg S.a r.l.	Luxembourg	
Adient France SAS	France	
Adient Germany Ltd. & Co. KG.	Germany	
Adient GK	Japan	
Adient Global Holdings S.à r.l.	Luxembourg	
Adient Hungary Kft.	Hungary	
Adient Mexico Holding S. de R.L. de C.V.	Mexico	
Adient India Private Limited	India	
Adient Industries Mexico S. de R.L. de C.V.	Mexico	
Adient Interior Hong Kong Limited	Hong Kong	
Adient Interiors Ltd. & Co. KG	Germany	
Adient Interiors Management GmbH	Germany	
Adient Korea Inc	Korea	
Adient Ltd. & Co. KG	Germany	
Adient Mexico Automotriz S. de R.L. de C.V.	Mexico	
Adient Mexico S. de R.L. de C.V.	Mexico	
Adient Mezölak Korlátolt Felelősségű Társaság	Hungary	
Adient Novo mesto, proizvodnja avtomobilskih sedežev, d.o.o.	Slovenia	
Adient Poland Sp. z o.o.	Poland	
Adient Properties UK Ltd	UK	
Adient Saarlouis Ltd. & Co. KG	Germany	
Adient Seating Canada LP	Canada	
Adient Seating d.o.o.	Serbia	
Adient Seating Poland Spółka z ograniczona odpowiedzialnoscia	Poland	

Subsidiaries of Adient plc (continued)*

Name of Entity	Jurisdiction of Formation	Economic Interest (if not 100%)
Adient Seating UK Ltd	UK	
Adient Slovenj Gradec, proizvodnja sestavnih delov za avtomobilske sedeze, d.o.o.	Slovenia	
Adient South Africa (Pty) Ltd.	South Africa	
Adient Strasbourg	France	
Adient Sweden AB	Sweden	
Adient US LLC	US	
Adient Verwaltungs GmbH & Co. KG	Germany	
Avanzar Interior Technologies, Ltd.	US	49.0%
Beijing Adient Automotive Components Co., Ltd.	China	51.0%
Bridgewater Interiors, LLC	US	49.0%
Ensamble de Interiores Automotrices Mexico, S. de R.L. de C.V.	Mexico	
Futuris Automotive (CA) LLC	US	
Guangzhou Adient Automotive Seating Co. Ltd.	China	52.0%
PT Adient Automotive Indonesia	Indonesia	75.0%
TechnoTrim de Mexico, S. de R.L. de C.V.	Mexico	51.0%
TechnoTrim, Inc.	US	51.0%
Trim Leader, a.s	Slovakia	51.0%

***Pursuant to Item 601(b)(21)(ii) of Regulation S-K, the names of other subsidiaries of Adient plc are omitted because, considered in the aggregate, they would not constitute a significant subsidiary as of the end of the year covered by this report.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No.333-237106 and 333-214320) of Adient plc of our report dated November 30, 2020 relating to the financial statements and financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Detroit, Michigan

November 30, 2020

Exhibit 31.1

Certification

I, Douglas G. Del Grosso, certify that:

1 I have reviewed this annual report on Form 10-K of Adient plc;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4 The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5 The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize, and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 30, 2020

By: /s/ Douglas G. Del Grosso

Douglas G. Del Grosso

President and Chief Executive Officer and a Director

Exhibit 31.2

Certification

I, Jeffrey M. Stafeil, certify that:

1 I have reviewed this annual report on Form 10-K of Adient plc;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4 The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5 The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize, and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 30, 2020

By: /s/ Jeffrey M. Stafeil

Jeffrey M. Stafeil

Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Douglas G. Del Grosso, certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Adient plc on Form 10-K for the fiscal year ended September 30, 2020 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Adient plc.

Date: November 30, 2020

By: /s/ Douglas G. Del Grosso
Douglas G. Del Grosso
President and Chief Executive Officer and a Director

I, Jeffrey M. Stafeil, certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Adient plc on Form 10-K for the fiscal year ended September 30, 2020 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Adient plc.

Date: November 30, 2020

By: /s/ Jeffrey M. Stafeil
Jeffrey M. Stafeil
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Adient plc and will be retained by Adient plc and furnished to the Securities and Exchange Commission or its staff upon request.